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APRIL 24, 1967

RAILWAY AGE

THE TRANSPORTATION WEEKLY

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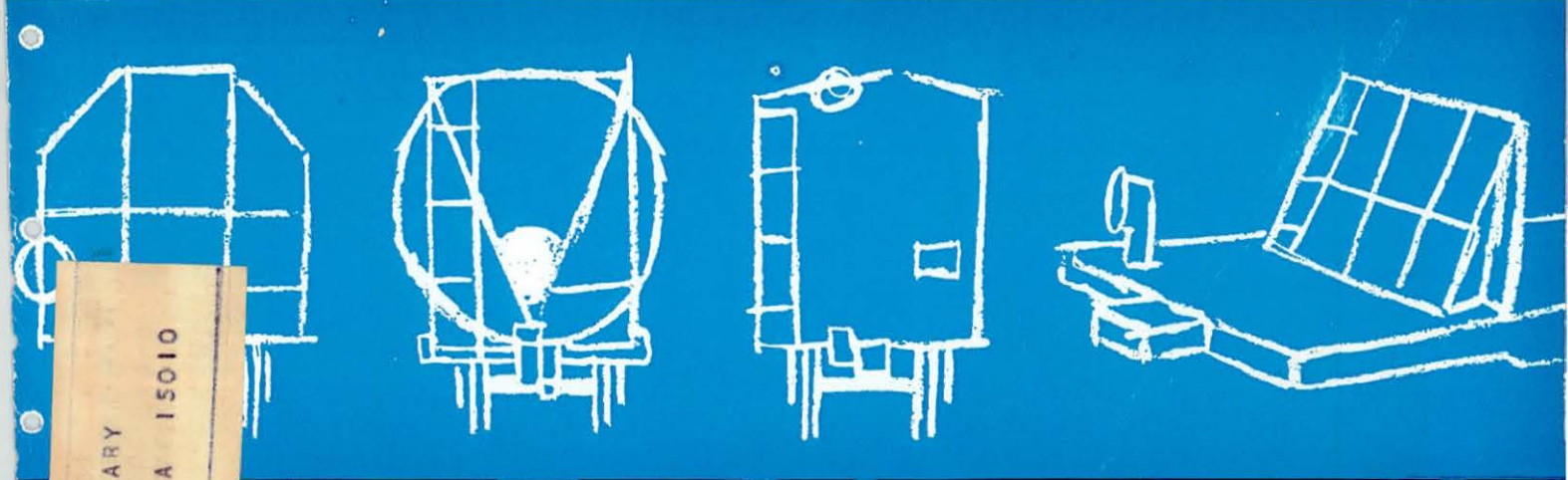

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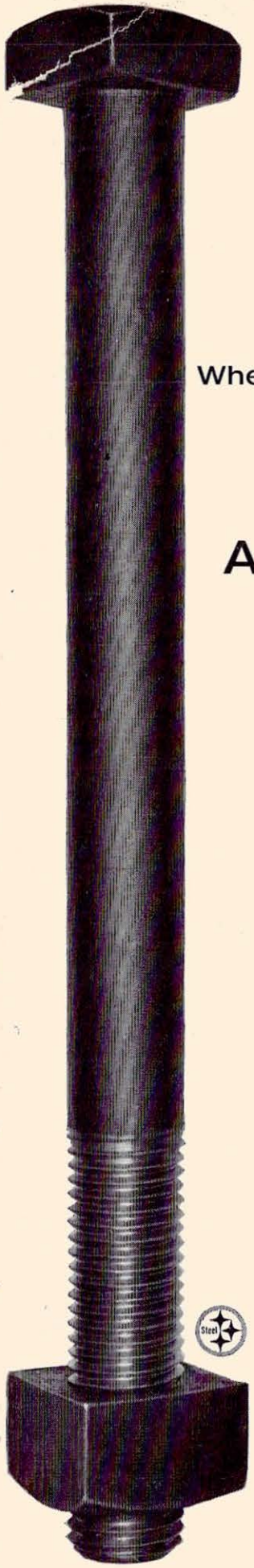

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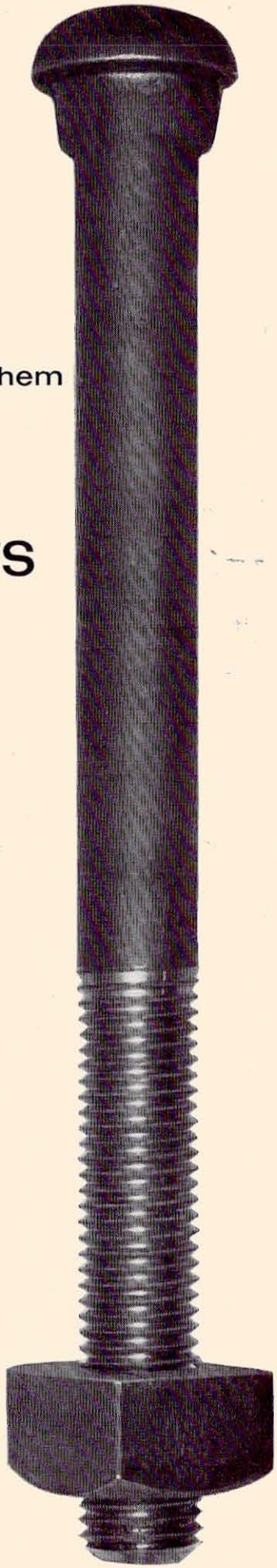

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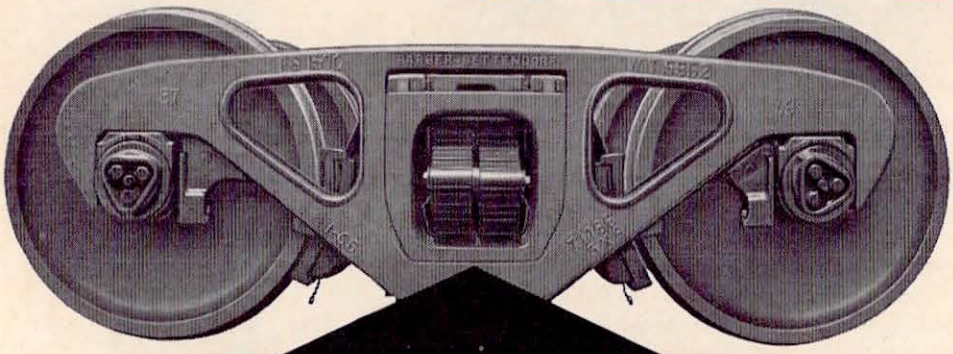

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RAILWAY AGE

April 24, 1967 • Vol. 162, No. 16

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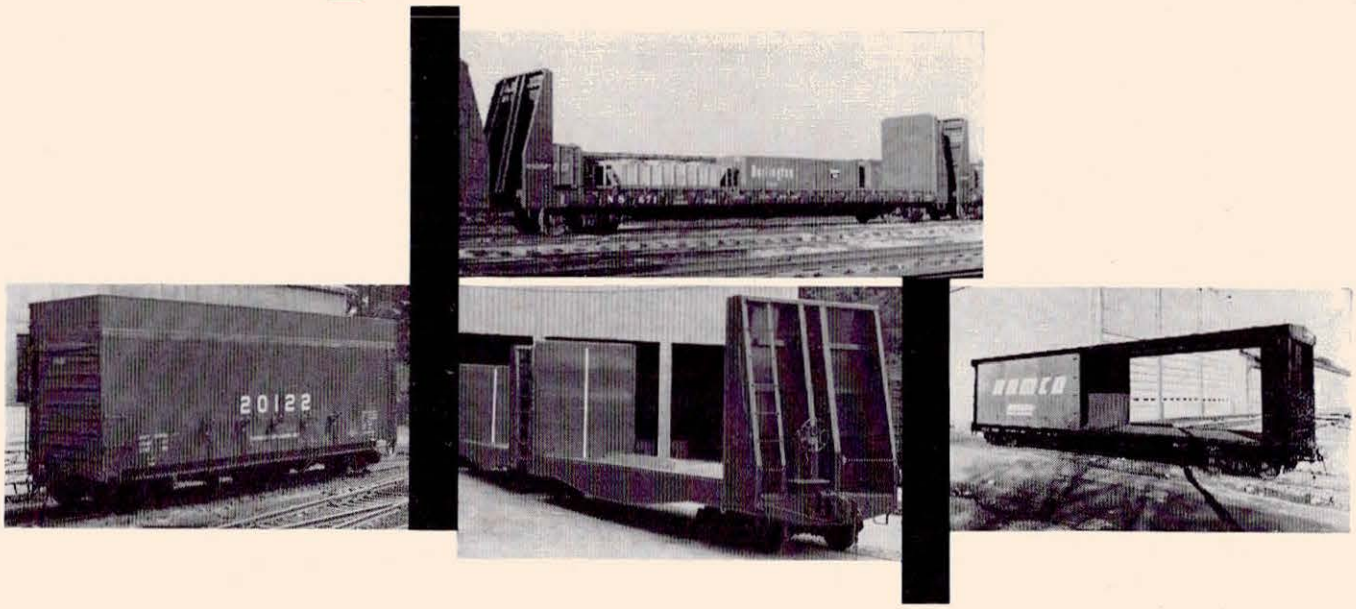

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SHORT AND SIGNIFICANT

Stafford succeeds Freas at the ICC

George M. Stafford will take his oath of office as a member of the ICC on April 26. His appointment by President Johnson was confirmed by the Senate April 19. Stafford has been administrative assistant to Sen. Frank Carlson (R.-Kan.). At the Commission, he will be the successor of Howard G. Freas, who did not seek reappointment when his term ended at the close of last year. Freas is now assistant to the president of the Southern.

Illinois Central to add to lines in South

The Interstate Commerce Commission has given the Illinois Central permission to take over the Mississippi Central and the Louisiana Midland at a total cost of $2,475,000. The two railroads form "The Natchez Route," a 225-mile east-west link between Hattiesburg, Miss., and Packton, La., enroute to Shreveport, La., and Fort Worth and Dallas, Tex. The route crosses the Mississippi at Natchez. The IC said it plans to spend an additional $875,000 to improve the right of way of the Mississippi Central. The consolidated roads will become part of the Mississippi Division of the IC, with headquarters at Vicksburg. Today IC operates 525 miles of line in Louisiana and nearly 2,000 miles in Mississippi.

Tamper, Inc., opens new plant in South Carolina

Tamper, Inc., a Canadian-born maker of track-maintenance machines, held dedication ceremonies April 14 for its new plant and international headquarters on the outskirts of Columbia, S.C. Built at a cost of $3,500,000, the plant represents fulfillment of the company's desire to establish expanded production facilities in the United States below the "frost line" where it could test its machines outdoors the year around. With half a hundred railroad engineers present, the company, at the same time, unveiled the pilot model of a one-man automated track-surfacing machine that lifts the track magnetically and tamps three ties with each insertion of the tamping tool. Tamper is a subsidiary of Canada Iron Foundries, Ltd.

A new hotbox low

Mileage per freight-car hotbox set-off averaged 1,693,574 in 1966, a new record for U.S. and Canadian railroads. This is an 18½% improvement over the former record of 1,377,908 car miles per set-off achieved in 1965. During the year there were 19,924 failures involving plain bearings, 440 attributed to "roller-bearings and others." In each of the last three 1966 months the mileage was over 1,900,000 with the record for the year being the 1,998,283 miles recorded last November.

Transport Safety Board cleared by the Senate

The Senate last week confirmed President Johnson's appointments to the autonomous National Transportation Safety Board which is in the new Department of Transportation. The board has authority to investigate all transportation accidents. The confirmed appointees are: Chairman Joseph J. O'Connell, Jr., Oscar M. Laurel, Francis H. McAdams, John H. Reed, and Louis M. Thayer (RA, April 10, p. 7).

MoPac and T&P drop consolidation plan

Responding to applicants' requests, the ICC has dismissed applications for approval of Missouri Pacific's plan to merge with its subsidiary, the Texas & Pacific. The request for dismissal came in the aftermath of the U.S. Supreme Court's decision which gave Alleghany Corp. veto power over the merger plan (RA, Mar. 6, p. 36).

MONDAY MORNING REPORT

Management and labor —and what to do?

Once upon a time, an editor and a public relations man were having lunch together. The conversation waxed, waned. Finally, the p.r. man turned to the editor and asked, in plaintive tone: "What do we have to do to get some mention in your book?" And back came the editor's answer: "Something, my friend—something." As some see it, Congress today is in a not dissimilar predicament. Congress has a problem with outsiders' needs, desires, attitudes. Congress bemoans the fact that it's becoming a repository for the nastiest kind of management-union disputes—those which prove to be (a) insoluble by the parties, and (b) vitally connected with the public interest. Congress wonders what to do. And back comes the roar: "Something."

'It will be done— it must be done'

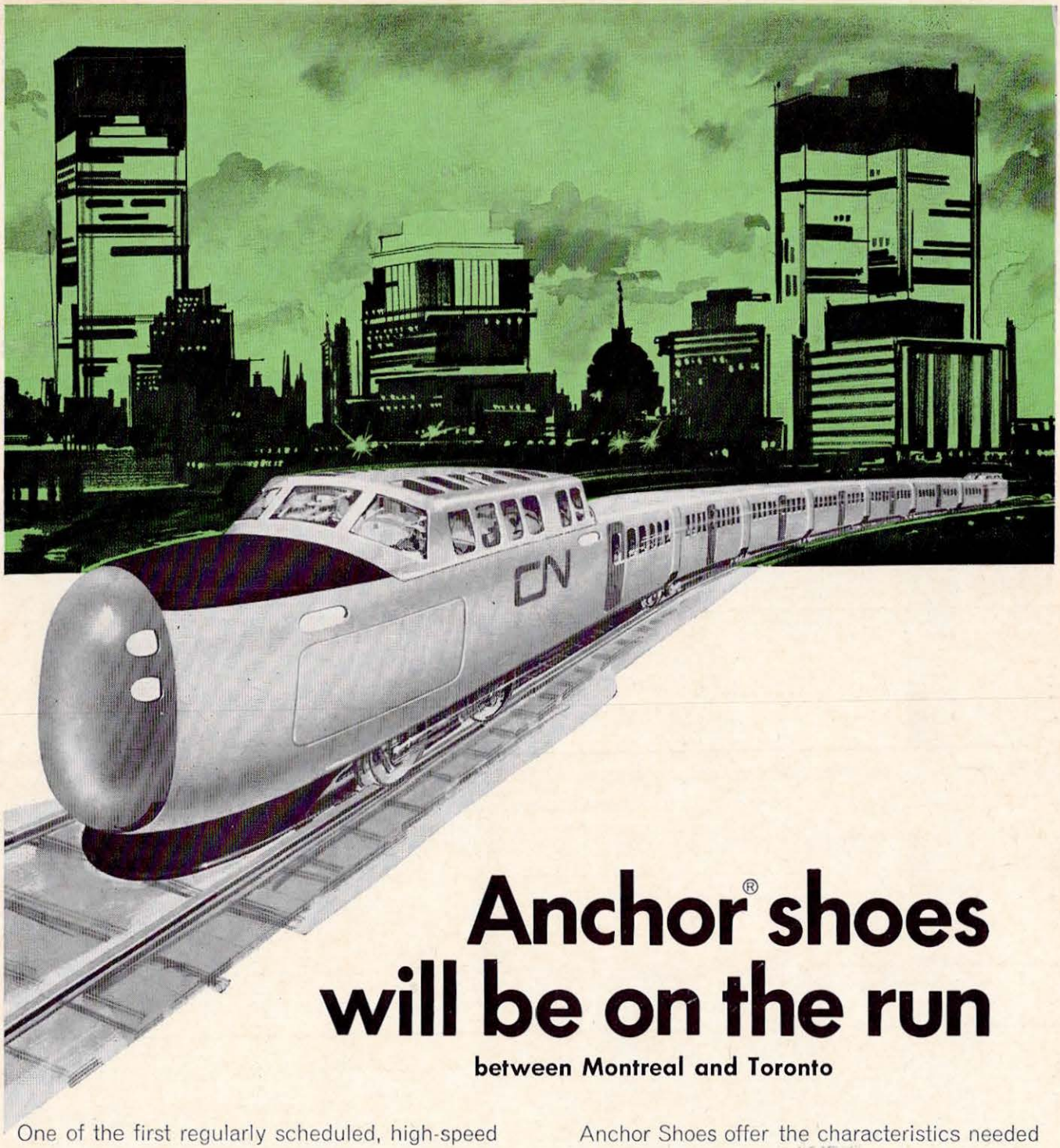
There's no lack of suggestions as to what that "something" might be. Some advocate temporary seizure. Some want compulsory arbitration. Some talk of special labor courts. Some—like Santa Fe President John S. Reed—decry all the handwriting, and call for action. Reed's thesis is that "something will be done, because it must be done. The question is whether the public must content itself with a series of crises, each solved separately at the eleventh hour, or whether we will have a continuing plan which will obviate such crises and the need for last-minute patchwork or makeshift remedies by Congress. If the country cannot tolerate rail strikes—as it cannot—we should face up to it and do what we know is right." The instant problem, of course, is the deadlock between the railroads and six shopcraft unions. But, as Reed points out, this dispute is just a harsh illustration of the failure of the Railway Labor Act, as it stands, to provide final means for protection of the public interest.

Congress: Ready for a solution?

What John Reed proposes—and he shares the thought with many other people, in and out of railroad management—is a change in the law to make recommendations of emergency boards "final and binding on unions and management alike, with all strikes in the industry prohibited." The proposal itself is not new. But (a) seldom has it been more forcefully stated, and (b) seldom has the mood of Congress been so apparently receptive.

A right to strike— or a duty not to?

The obvious defense against such a suggestion makes much ado about the right to strike, or the right to lockout. Santa Fe's president, however, points out that railroads—as common carriers—don't have the right to lockout, anyway. And he examines the right to strike this way: "We are neither unmindful nor insensitive to the importance attached by many people to the right to strike. But we are more sensitive to the public interest, believing that it outweighs not only the claim of railroad employees to a right to strike but also any right that management might think it has to precipitate a service-interrupting work stoppage. There is a tendency in some quarters to think that the right to strike knows no limitations. This is in error. The right to strike is by no means unqualified or absolute. With the sanction of the courts, including the U.S. Supreme Court, it has been restricted in numerous ways on numerous occasions. Like most other rights in a democracy, it is subject to limitations in the public interest, when it is plainly inconsistent with that interest." And so the lines are drawn. Labor organizations—though they accept arbitration in so-called minor disputes—will throw up the most rigid of walls against arbitration's extension. But Congress now knows—from the work-rules dispute, from last year's airline strike, from the shopcraft situation—that crisis-by-crisis treatment is no real answer. And "something" just might happen, if enough people want it to.



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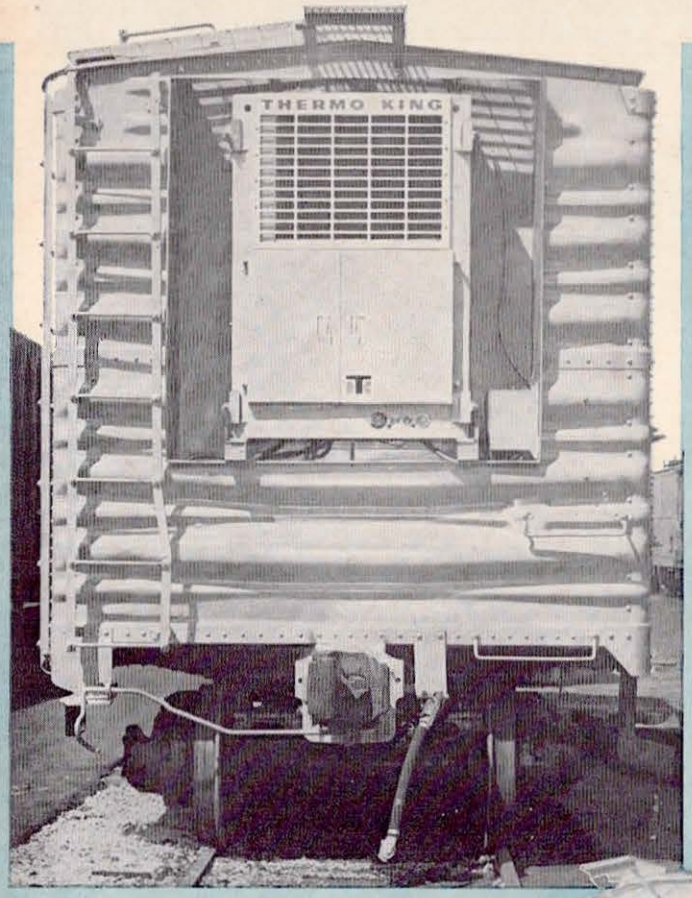

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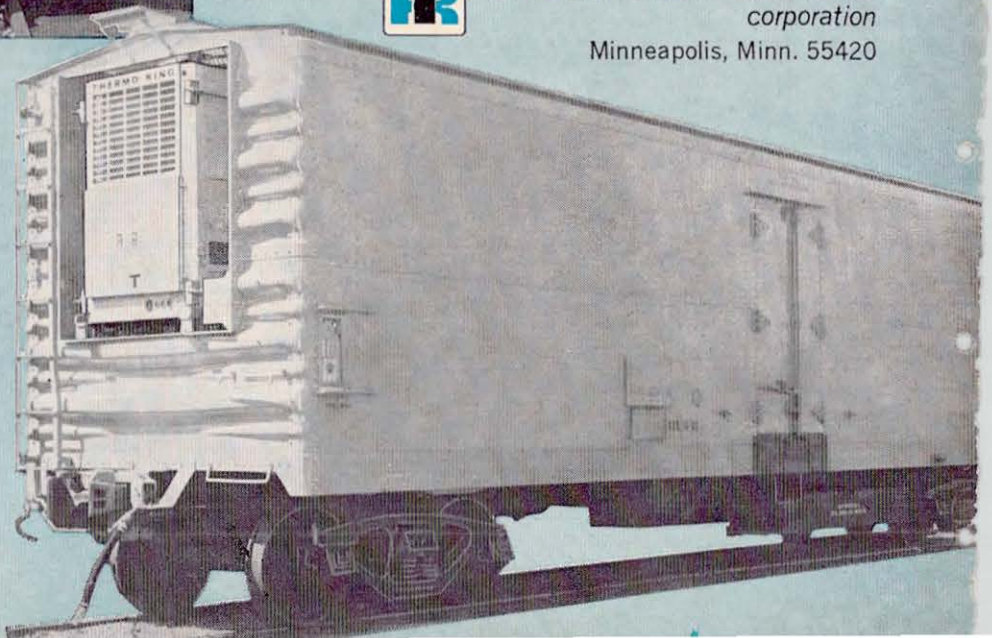

WEEK AT A GLANCE

Bids asked for 250 new commuter cars for Long Island

New York's Metropolitan Commuter Transportation Authority last week invited three domestic builders—Budd, Pullman-Standard, and General Steel Industries—to bid on the construction of 250 new high-speed electric commuter cars for the Long Island. Bids will be opened June 8 and contracts will be awarded this Summer. The 250 new cars represent half of the initial car-replacement program planned for the LIRR. Among features called for in the 210-page book of specifications are: 85-foot cars arranged in two-car units completely equipped for independent operation; electrically-operated side doors, more than four feet wide, which will open onto elevated station platforms; two-way radio communication; contoured passenger seats, with a capacity of 122 passengers per car; carpeting and rubber tile for flooring; and thermostatically-controlled temperatures. MCTA Chairman William J. Ronan estimated the initial order will cost more than $55 million.

Tucker's advice: Keep merger plans simple

William C. Tucker, Chairman of the Interstate Commerce Commission, last week warned railroads with merger on their minds to keep plans simple or run the risk of creating an "insoluble mess" of the whole merger movement.

Emphasizing to reporters at Chicago that he was speaking as a private citizen and not for the ICC itself, Tucker's comments were directed at railroads in the West. He was there to address the Western Railway Club and said his views of the merger situation in the East could most appropriately be expressed there.

"The provisions of the Interstate Commerce Act relating to mergers were designed to provide the framework for establishing soundly conceived rail consolidations that would improve this nation's transportation network," he told the newsmen. "They were not enacted to serve as the main competitive battleground for any group of railroads. Unless the parties do an abrupt about face from their present position, they may be in for a rude awakening. Personally, I do not believe the ICC can afford to waste the extensive staff resources which it is now utilizing to expedite processing of these cases if the parties continue to plunge blindly into a quagmire of self-interest manipulation and to indulge in an endless parade of unrealistic claims, counterclaims, and recriminations."

Tucker cited the Supreme Court comment in the Penn-Central case, saying it stood as evidence for the fact that the ICC must give close attention to the over-all rail system when evaluating particular merger proposals. He urged carriers to give "tough-minded" assessment of over-all public considerations to their moves lest they "build a record upon which it may be impossible to render a decision satisfactory to anybody." He also expressed the view that the merger situation "is fast-moving toward the point where the ICC might give serious consideration to closing down pending merger considerations."

REA loses round in fight against tie-to-rails rule

REA Express last week lost the first round in its fight to have the ICC ease or eliminate tie-to-rail restrictions in more than 500 certificates authorizing its trucking operations. Examiner Harold P. Boss has made a recommended report advising the Commission to deny the REA petition. The petition seeks general application of the Commission's 1962 decision in the so-called Nashua case. That decision recognizes that express service is not always railroad service, and thus need not be kept auxiliary to railroad operations. It followed through to hold that special showings are not required to avoid prior-or-subsequent-rail-haul conditions, provided the trucking operations are supplemental to REA's "express company" operations. Examiner Boss was also a member, with Tennessee and Virginia representatives, of a joint board which made another recommended report advising the Commission to "give a renewed close scrutiny" to competitive relationships between REA and other common carriers to the adequacy of the Commission's present definition of what constitutes express traffic and express service, and to restrictions, if any, which should be included in REA certificates.

Fall of the New Haven this Autumn?

What has been characterized as the most important meeting so far on the New Haven's reorganization has been set for May 1 in the federal district court in New Haven. At that time, NH Trustee Richard Joyce Smith said last week, a hearing will be held to determine whether the bankrupt line can and should continue operations for another two or three years in view of the recent Supreme Court decision delaying the Penn-Central merger.

"Unless the interested parties in the New Haven's reorganization—the road's creditors and the public authorities—will cooperate in a fruitful program for providing additional operating cash, I do not believe, in all sincerity, that we will be able to operate the New Haven Railroad beyond this summer," Smith warned.

Current public service contracts that the states have with the NH expire June 30. But even if they were to be continued beyond that date, he said, the railroad will have a cash balance of less than one week's payroll by Sept. 30. "In order to insure that railroad service will continue beyond the coming summer, the public authorities must be prepared to increase the amount of their annual contributions," Smith declared. And he told the road's creditors that the continued operation of the road in the interim "must have first call on the New Haven's cash reserves to the extent necessary."

At present, the line is holding discussions with New York and Connecticut on a program that would involve the two states taking over the west end commuter service.

GUS WELTY'S LINES ON LABOR

WELTY

IT'S NOT EXACTLY NEW—but it may catch on: The building of union membership and perhaps the wrecking of rivals' raiding plans via the strict, one-union union-shop contract. Right now, this exercise of union strategy is being challenged in federal courts in several jurisdictions. If it's upheld, some unions may wind up benefitting rather substantially at the expense of others—and, in a way, more stability just might come, through a reduction in the number and intensity of inter-union representation contests.

IT WORKS THIS WAY. Suppose Union A holds the contract covering a certain craft. Union A thus represents the employees, in toto. But the men themselves may be members of Union A or Union B, or some may be double-headers. In the past, this kind of situation has been generally accepted. There was an ebb and flow of men among jobs. A man might work as an engineer one week, for example, and as a fireman the next week. At various times, he would be represented by each of the engine-service unions—but he need belong to only one. Now, however, what happens if Union A, holding the contract covering a craft, signs a contract calling for a tight union shop? Then, men who work in jobs covered by Union A but who belong only to Union B would seem required to join Union A. If they didn't, they might find the union-shop clause invoked against them, and they might be out.

CONFUSING? It's that—and it's also most disturbing to those unions which find themselves on the defensive today. At least three cases are on file now in which the one-union union shop is the issue. Two cases, one in the East and one in the Midwest, pit the Trainmen against the Switchmen; a third, in the Southeast, has the Engineers going against the Firemen.

ITS EASY TO OVER-SIMPLIFY the arguments. But, essentially, the unions promoting the one-union union-shop provision—the BRT and BLE—argue that they deserve dues support from all the men they're representing, not just from some of them. The aggressors are also well aware that the eroding of a rival union's membership base makes a representation raid much more difficult to start and sustain. The defenders—the SUNA and BLF&E—are understandably unhappy. SUNA President Neil P. Speirs, for instance, calls such a contract provision a "slave labor agreement [which would] destroy the long-established right of operating rail workers to choose to belong to any national union . . . which admits to membership employees of their craft or class."

SO IT GOES. There has been, it seems, a marked reduction in the number of outright representation fights, over the past year. But there's been no cutback to the old urge to get the edge.

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John Stevens, generally referred to as the "Father of the Railroads in the United States."

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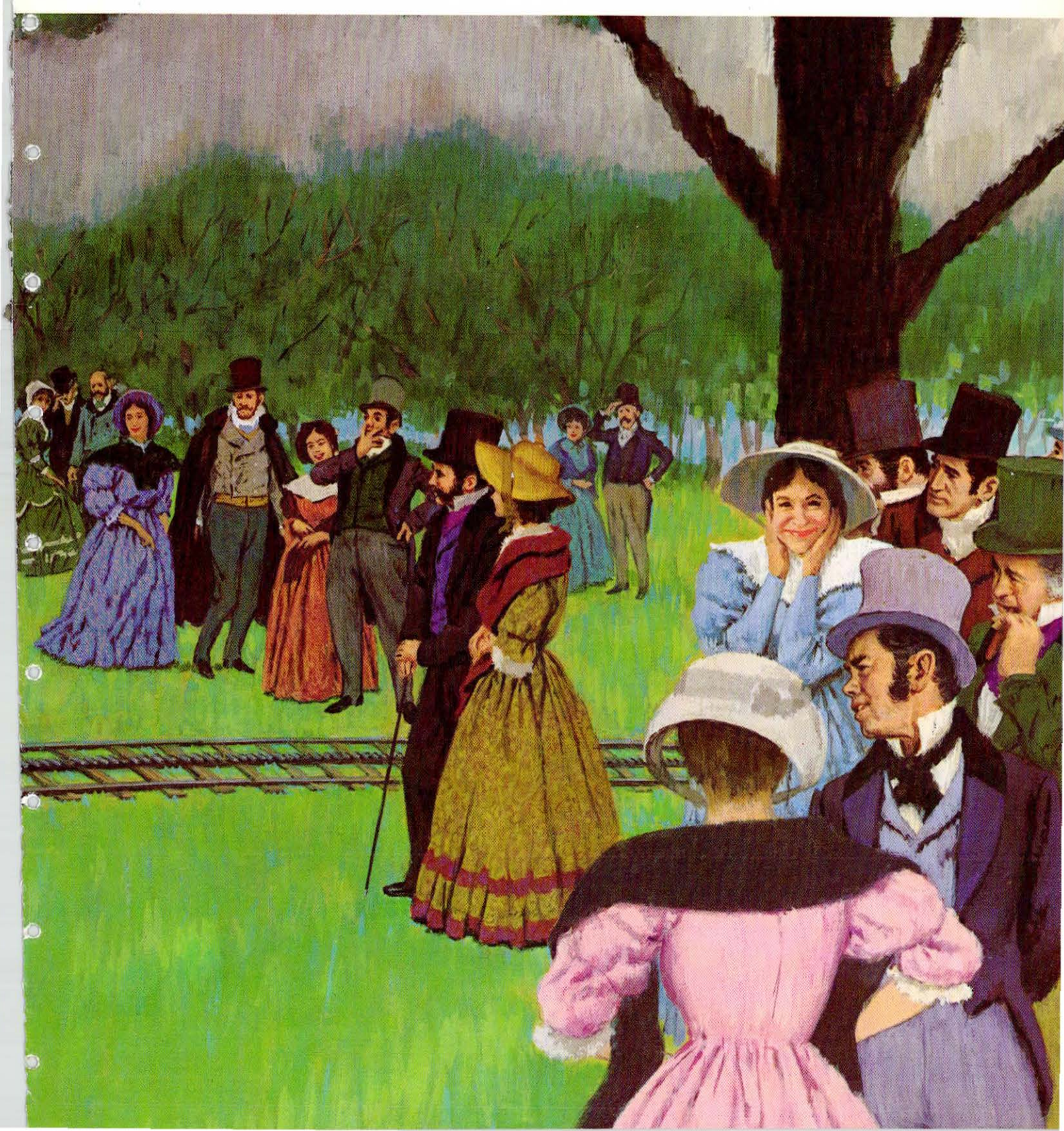

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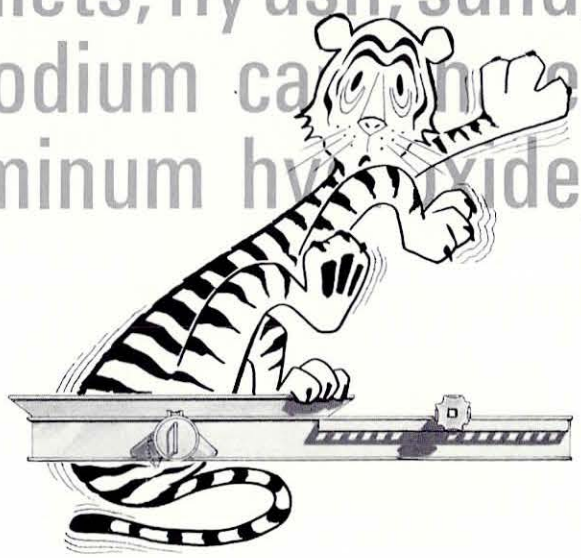

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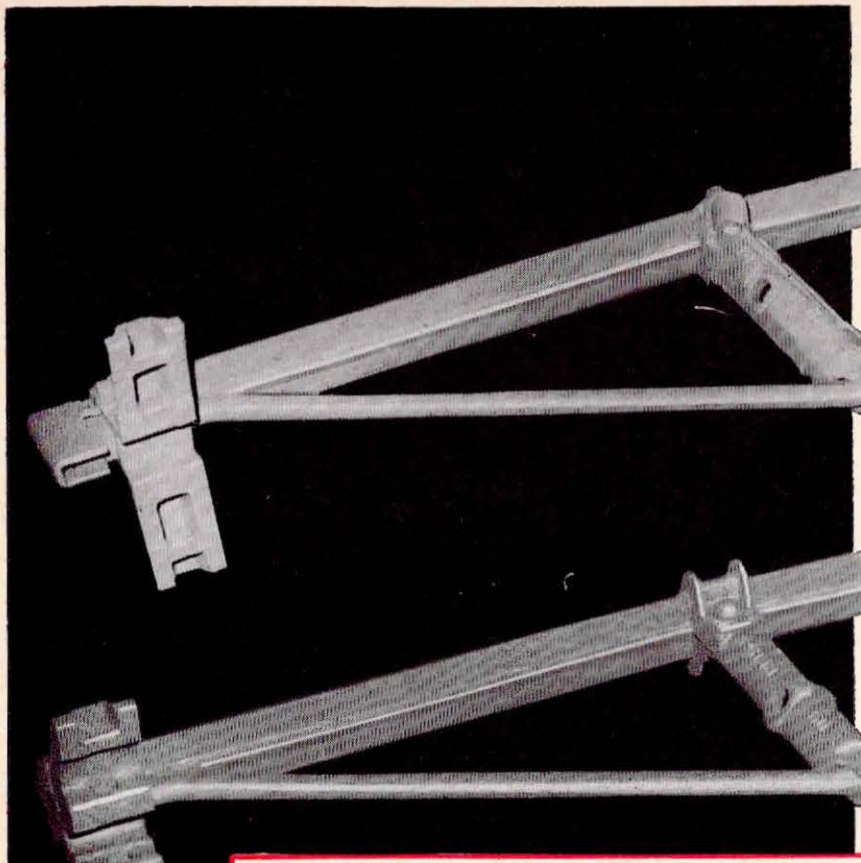

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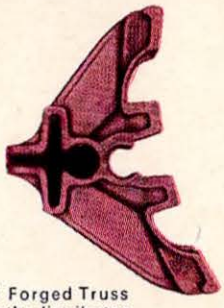

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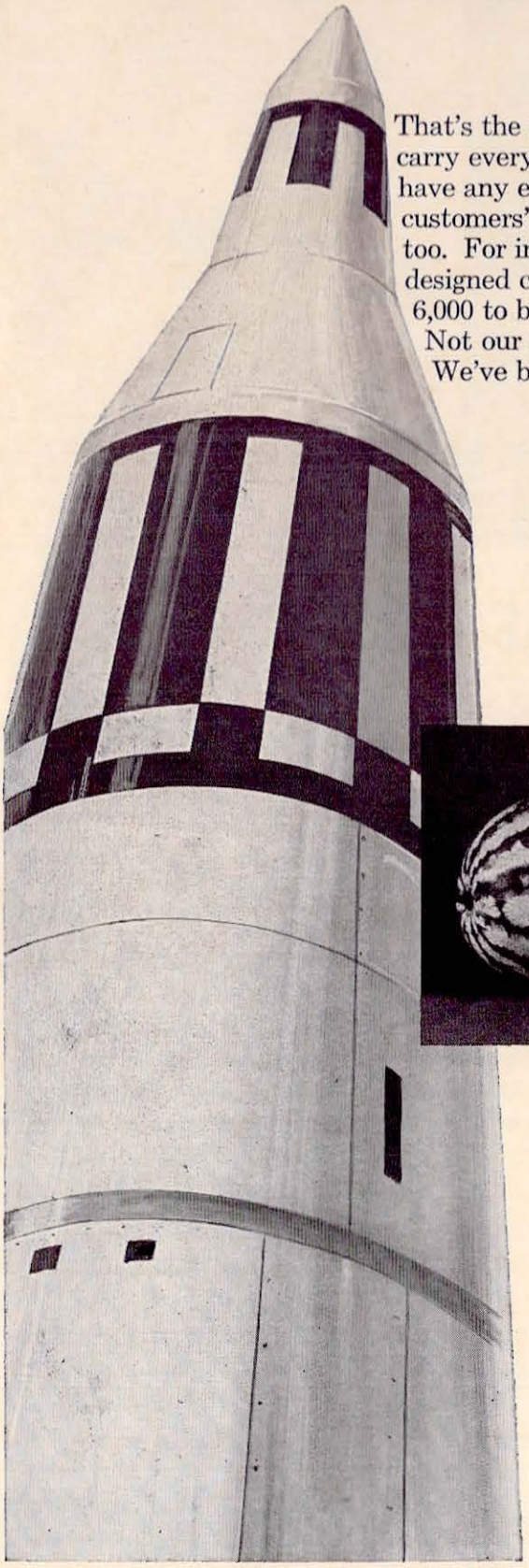

That's the reason we have freight cars in every size and shape. To carry everything from melons to missiles. So, more than likely, we have any equipment you want. Because we try to anticipate our customers' needs. Plan so we can meet them. We go for challenges, too. For instance, one of the industries we serve needed a specially designed car. A hopper with a cover. So we had some built. 6,000 to be exact. Who says railroads don't custom-fit services? Not our customers.

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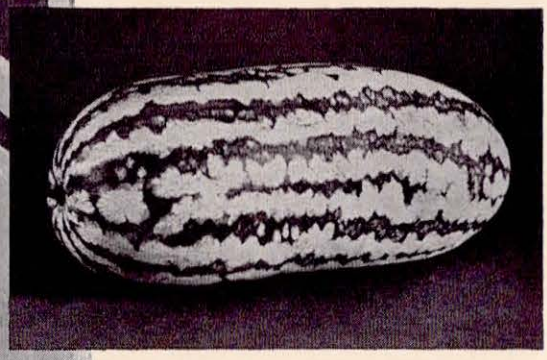

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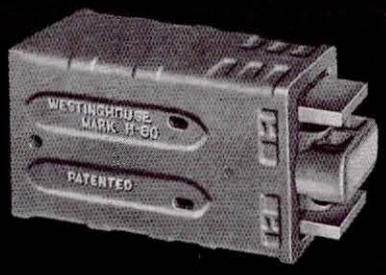

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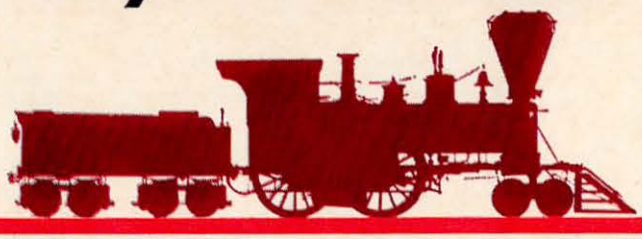

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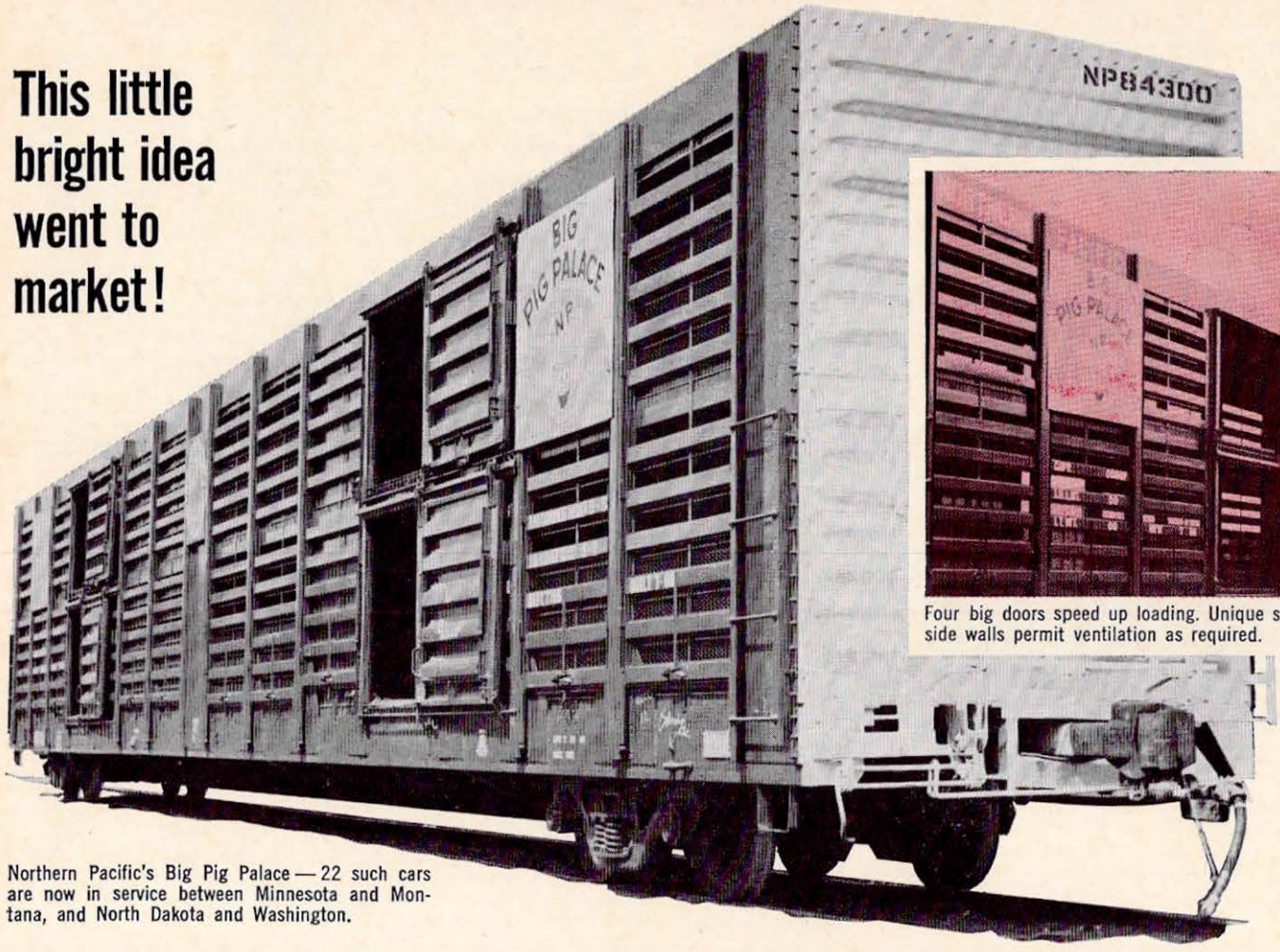
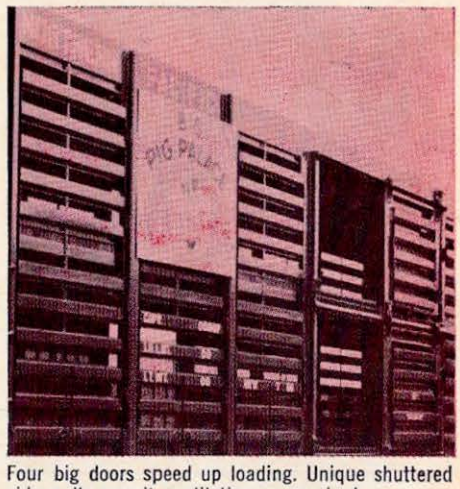


Northern Pacific's Big Pig Palace — 22 such cars are now in service between Minnesota and Montana, and North Dakota and Washington.



Four big doors speed up loading. Unique shuttered side walls permit ventilation as required.

Northern Pacific's "Big Pig Palace" shows us excellent evidence of how *creative railroading* works harder for the shipper. The idea for this huge car for livestock came from research done by Northern Pacific's Traffic and Mechanical Departments. The N. P. people were seeking a better way to transport hogs at more attractive rates to the shippers. The traditional method was to use 40′ livestock cars. The N. P. married two of these old stand-bys into a single 85′ car to study the feasibility of the king-sized result. This experience soon proved the idea highly advantageous, and led to an order to Ortner Freight Car Company to construct 22 new 85′ stock cars. Each car is double-decked and divided into four separate compartments for better load distribution, and for mixed loads of hogs, sheep, or yearling cattle. Four doors are provided on each side to facilitate loading and unloading.

FreightMaster fit the plan — In working out the design of the Big Pig Palace cars, Northern Pacific's Mechanical Department and Ortner Freight Car Company selected FreightMaster for the critical job of cushioning the ride of the 300-plus animals per carload as they were being transported between South St. Paul, Minnesota and Billings, Montana. Additional routings have been between West Fargo, North Dakota and Spokane, Tacoma, and Seattle, Washington.

TO DATE THERE HAVE BEEN NO INSTANCES OF INJURY TO LIVESTOCK!

Shippers like the N. P. Big Pig Palace idea — so much, in fact, that these cars are sometimes achieving loads in *both directions* cross country (a startling fact almost unheard of in transporting livestock).

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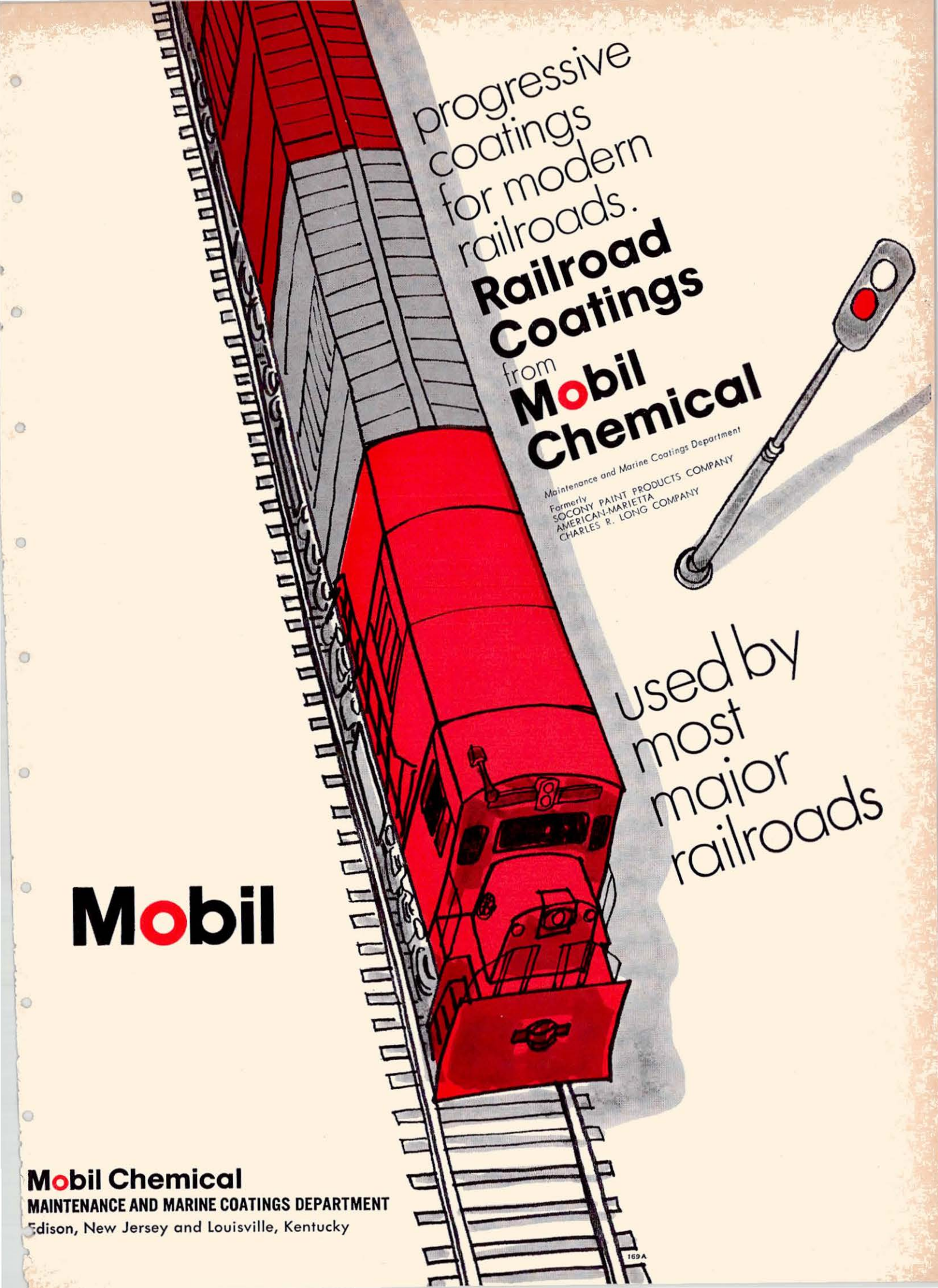
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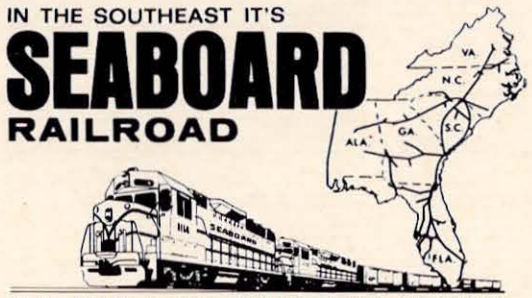

THE ROUTE OF COURTEOUS SERVICE

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MONEY TALK

BY JOHN MITROS

Railroad annual reports: How do you read them?

A Wall Street wit recently described Spring as the "Jabberwocky Season" for investors.

He was referring, of course, to the showers of attractive annual reports that U.S. corporations pour into mailboxes for shareholders, security analysts, newspaper editors and anyone else they imagine is interested.

Why Jabberwocky Season? Alice, you will remember, after reading Jabberwocky, exclaimed: "Somehow, it seems to fill my head with ideas—only I don't exactly know what they are."

Another analyst was less kind after reading a railroad's annual report: "This can hardly be the company's moment of truth," he rasped.

Both comments are easy to understand. Anyone who has tried to trace a railroad's financial condition through a statistical summary can be excused for thinking that such reports are cleverly contrived to yield as little as possible to scrutiny.

What's up front may not count

Most writers of annual reports depend upon "Year's Highlights" and a message to the shareholders from the corporation's chief executive officer to give form, cohesion and clarity to the masses of figures that are generally used to measure railroad performance. Most analysts and many sophisticated investors, however, are quite wary of such summing-up.

Elizabeth Weinmann, Vilas & Hickey's highly-esteemed transportation analyst, recently questioned some of the inconsistent financial reporting that consistently baffles even friendly railroad-watchers in the investment community: "Earnings per share may not only fluctuate rather widely, but are occasionally subjected to somewhat arbitrary determination. There are several ways by which per share earnings may appear either larger or smaller than they should, even when audited. Special consideration by an analyst must be given to non-recurring profits and losses, the allocation of certain items to surplus rather than income or vice versa, the overstating or understating of amortization or reserves and the operations of subsidiaries or affiliates.

"Some statements indicate company earnings. Some indicate company and subsidiaries. Some earnings are reported on an Interstate Commerce Commission basis. Others are reported on the basis of general accounting practices." Miss Weinmann makes the point that consistent year-to-year and company-to-company reports are vital for meaningful rapport with the financial community.

Beyond figures are people

She makes another good point about the people behind the figures. A successful analyst has to put a value on the character of a management and the personality of a corporation. There are marginal companies that attract investor interest because they score in these areas. There are other companies that wou'd attract more investor interest "if management was alert, aggressive, capable, loyal, talented and had unquestionable integrity and exceptional ability."

With industry need for outside investment on a grand scale already visible in the plans and technology of today, it is obvious that the industry's annual reports are a vital line into the investing community. Perhaps too vital a medium for merely carrying only an arithmetical message—without some of the excitement, imagination and change that characterizes railroading in 1967.

Numerical reasoning easily loses contact with the box cars and shippers and tonnages that dollars only vaguely quantify. Often, the accountants who gather the substance of annual reports lose sight of the fact that the flow of those tonnages and the sentiments of those shippers may be far more important to the future than the figures, however favorable. They concern themselves with theoretical connectedness, numerical validity and legal requirements. The annual report keeps everybody out of jail. It may also keep the shareholders happy. But it may fail to win the future in a dozen different ways. It may not reflect managerial virtuosity. It may fail to properly indicate long-term prospects because tradition-oriented managers are bred to regard an underestimate as a sure way of looking good later on.

What's a perfect annual report?

Most analysts would agree, I think, that railroad annual reports are starting to carry the industry message to investors quite effectively. My own spot-survey of railroad-watchers in the financial community indicates this six-point guide to good annual reports:

—*They should be practical.* Things that interest investors should be displayed quickly and meaningfully. Revenues, earnings-per-share. dividends, taxes, debt, fixed-charge ratios, depreciation and total cash flow (and the trends for such indices) are facts with which investors like to begin—not dig for.

—*They should be complete.* Factual presentation of both good and bad developments must be candid. Omission of bad news and/or good news suggests insensitive or inept managers.

—*They should be clear.* A straight line for the reader to follow can only result from careful organization of important, relevant facts. Annual reports miss their target if they are not understood, misunderstood—or not read.

—*They should convey meaning quickly.* The use of important pictures, graphs, charts, tables and other devices that lift important points and relationships out of the text to stop the reader who is skimming can pay handsome dividends in attention.

—*They should be readable.* No company can afford the assumption that the investing public is obliged to read its annual report. Shareholders must. They are already committed. But formality can deaden a report of splendid solvency. Pomposity can conceal the shrewdest insight. Dullness can obscure the strongest judgment. Impersonal and flaccid narrative does not make investors want to march with you. No annual report hits the mark unless it is correct, objective, relevant—and readable.

—*They must be honest.* This, above all, applies to the matters beyond today's facts. Facts are not enough. Facts must be scrupulously measured against possibilities honestly described. And this must be done while maintaining careful separation between fact, opinion and consensus.

An annual report scoring high in these six areas, say the analysts, would score high with the money managers so important to railroads.

1) Would you consider practicable the formation of joint rail-shipper committees to work out pricing problems, with the possible long-range objective of establishing new rate policies and/or structures?

Yes	23
Doubtful	30
No	20

2) Assuming that you consider the idea practicable, would you favor an attempt to set up such committees?

Favor	21
Oppose	9
Would like to see the idea further explored before deciding	29

Would rail-shipper rate committee work?

Poll replies indicate general willingness to explore an idea to which initial reaction is support, opposition and questions.

Definite interest in a suggestion of a Midwestern shipper was the dominant result of this month's Traffic Poll. His proposal itself draws support, doubt and opposition (Question 1, above), in one of the most evenly-divided surveys Railway Age has ever conducted. But as answers to Question 2 reveal, a substantial majority of all respondents think the idea might well be further explored. This interest is expressed by some of the men who reserve opinion on the suggestion itself, and even by some of those who oppose it.

● **The proposal.** The proposal, as expressed to Railway Age, is for "formation of a shippers' committee to work with railroad rate committees to help establish new pricing structures." The man making it explains it by saying "the practice of railroad traffic committee rate proposals and shipper proposals being considered individually appears to me to be outmoded. Joint efforts are needed to solve common problems. Independent trade and traffic associations are not the answer."

Over-all shipper reaction, as determined by combined answers to both Poll questions, is well stated by H. P. Gabriel, general traffic manager, Hershey Chocolate Corp., Hershey, Pa.: "This is a most interesting proposition, but to give a categorical 'yes' or 'no' would be dependent solely on the scope and structure of the 'shippers' committee.' " To that general comment he adds questions as to those points which echo, or are echoed by, other respondents.

● **Support.** Despite such unanswered questions, the proposal does draw a substantial degree of support. As examples, B. F. Siverts, manager, Traffic section, Blaw-Knox Co., Pittsburgh, thinks it "could be the best thing that ever happened in the industry." W. L. Copper, Jr., Enterprise traffic manager, Richardson-Merrill, Inc., Philadelphia, calls it "an excellent idea"; and A. T. Fearnley, Jr., general traffic manager, Dennison Mfg. Co., Framingham, Mass., thinks "it is way overdue now." I. L. Piersol, TM, E. W. Bliss Co., Salem, Ohio, says he "would be willing personally to help in any way possible."

Also on the supporting side is J. Robert Morton, Windsor, Conn., director of corporate transportation and traffic for Combustion Engineering. "Technological changes in transportation need to be interpreted as they relate to rates," he writes. "Joint rail-shipper committees could bring together the two elements—those who sell and those who buy transportation."

● **Credibility gap.** Carter M. Harrison, manager, Transportation Department, Louisville Chamber of Commerce, explains his support by sending a copy of a recent speech before a motor carrier group advocating the same general idea. He clearly feels that what he said to the truckers in that applies with equal force to railroads.

"There is such a lack of communication that real dialogues are almost non-existent between shippers and carriers. The credibility gap exists not only in government circles but also between carriers and their customers. It seems to have reached the point where neither believes what the other one says. There is unilateral arbitrary decision-making. Many proposals are docketed which should not have been because they were ambiguous and unclear and could result only in an unworkable paper exercise. Many a shipper has wished that the carriers had had an open discussion about a particular subject before docketing it.

"These irritants lead to nothing more than costly litigation for all parties.

"We must establish the doctrine of authoritative confidence on a local basis, and then it must be extended to a national level.

"On the local level, shippers and receivers of freight, and carriers, can contribute time, effort and ability under the sponsorship of an organization dedicated to preservation of the competitive enterprise system, and promotion of business and community growth, such as a chamber of commerce. On the national level there should be formed a council similar to the Defense Industry Advisory Council established in 1962. Formation of such a council would probably have to be under the auspices of either the ICC or the Department of Transportation. Congress might even have to change the Interstate Commerce Act, and specifically Section 5-A.

"Under the doctrine of authoritative confidence, there is no reason why those who pay for carrier service should not have some voice in pricing decisions, at least regarding general rate increases, class rate levels, and uniform rules such as detention and credit extension. But the council must not become a mere debating society. It must act constructively."

● **Opposition.** Where there is opposition or doubt concerning the proposed rail-shipper group, it is stated not so much in flat "No's" as in questions, either expressed or implied. Is it

necessary? Is it practicable? Would it be legal? What would be its scope.

On the matter of need: "Shippers are currently afforded ample opportunities to voice their views and position," says M. B. Smith, general traffic manager, Boyle-Midway, New York, "to cause initiation of any proposition," either general or specific.

"Rate initiative must remain with the carriers," thinks Barrie Vreeland, director of transportation, Commerce & Industry Association of New York, "but carrier hearings provide ample reaction to practicable pricing structures."

S. L. Parker, TM, Pacific Lumber Co., Scotia, Cal., notes that, "when an industry decides upon a joint request for a change in rail rates, it generally sounds out carrier reaction before proceeding. The reverse is also usually true. There are really very few surprise actions on either side. Some silly things, like the $25 car cleaning rule, actually go to publication without adequate thought and consideration, but they are few"

Others think the necessary machinery to accomplish essentially the same results is available through such existing traffic organizations as the Advisory Boards or the National Industrial Traffic League. D. B. Smith, director of traffic, S. H. Kress & Co., New York, suggests "broadening the operations of the Advisory Boards by including top railway rate people." W. G. Koplin, TM, Salt Lake Hardware Co., Salt Lake City, also thinks the boards are a ready-to-hand vehicle, "if the railroads would send their rate officers to such meetings, and devote the entire meeting to this subject."

R. H. Heilman, director of transportation and distribution, A. O. Smith Corp., Milwaukee, takes much the same general position, namely, that the suggested committee "would duplicate present joint efforts of trade associations and organizations such as the NITL. Trade practices can vary so greatly in the same type of industry that I doubt the suggested approach would solve the over-all problem. Peculiarities inherent in a specific business will always have to be a factor in pricing negotiations."

At least three respondents state that the general type of work suggested for the proposed committee is already being done in some localities and with some types of carriers, at least on a limited scale. These men are L. E. Galaspie, director of transportation, Reynolds Metals Co., Richmond, Va.; R. F. Hogan, TM, Warner Co., Philadelphia, and P. J. Wellnitz, West Coast regional distribution manager, Union

(Continued on page 60)

LUTHER MILLER

AS THE EDITOR SEES IT...

OUR FRIENDLY UNDERTAKER—Professor George W. Hilton, of the University of California at Los Angeles, has been burying the railroads for years. Those who know him say the professor isn't unfriendly to railroads—he just thinks they've had it. Dr. Hilton's latest utterance on this subject was intoned a few weeks ago in Monterey, Calif., where he made funereal fun of the idea that vehicles riding over old-fashioned rails would prove to be any real solution to the Bay Area's mass transport problems. He made it clear that he is no fan of the automobile, either.

"In addition to creating traffic and pollution problems," said Dr. Hilton, "the automobile is an expense to park and it kills people with embarrassing frequency.

"But I think I can say with absolute certainty," he added, "that the vehicle of the future will not be rail transportation. Solution to tomorrow's problems will not be found in devices that worked during the McKinley Administration."

In Dr. Hilton's view, the vehicle of the future will probably be "a self-contained airborne vehicle of some kind."

Maybe. But what about the present?

Japanese railway engineers think that air-cushion vehicles may become mass movers of people (though not freight) in about 30 years. But that didn't prevent them from investing more than $1 billion in the fabulously successful New Tokaido Line—and breaking ground for a costly extension of this old-fashioned, down to earth idea just a few weeks ago.

French railways are experimenting seriously with ACV; but, more seriously for the here and now, they're speeding up the "Mistral" and other fast trains.

WHAT A SPACE-MAN THINKS—Dr. Hilton's oft-expressed fears for railroads extend across the board, of course—not just to the movement of people by rail.

The best answer we know to the professor's "McKinley era" crack came recently from a man who left a brilliant career in aerospace to join the railroad industry—John K. Records, president of the General Railway Signal Co.

"Some of my friends connected with NASA ask why I would leave the glamorous and exciting frontier [of space] for an industry that, in their opinion, has seen its best days," Records told the Rochester Railroad Association.

His answer: "I've found ample evidence to support the belief that we are not an old, dying industry. Rather, we are a new, rising business, a rediscovered, reinvented growth industry . . .

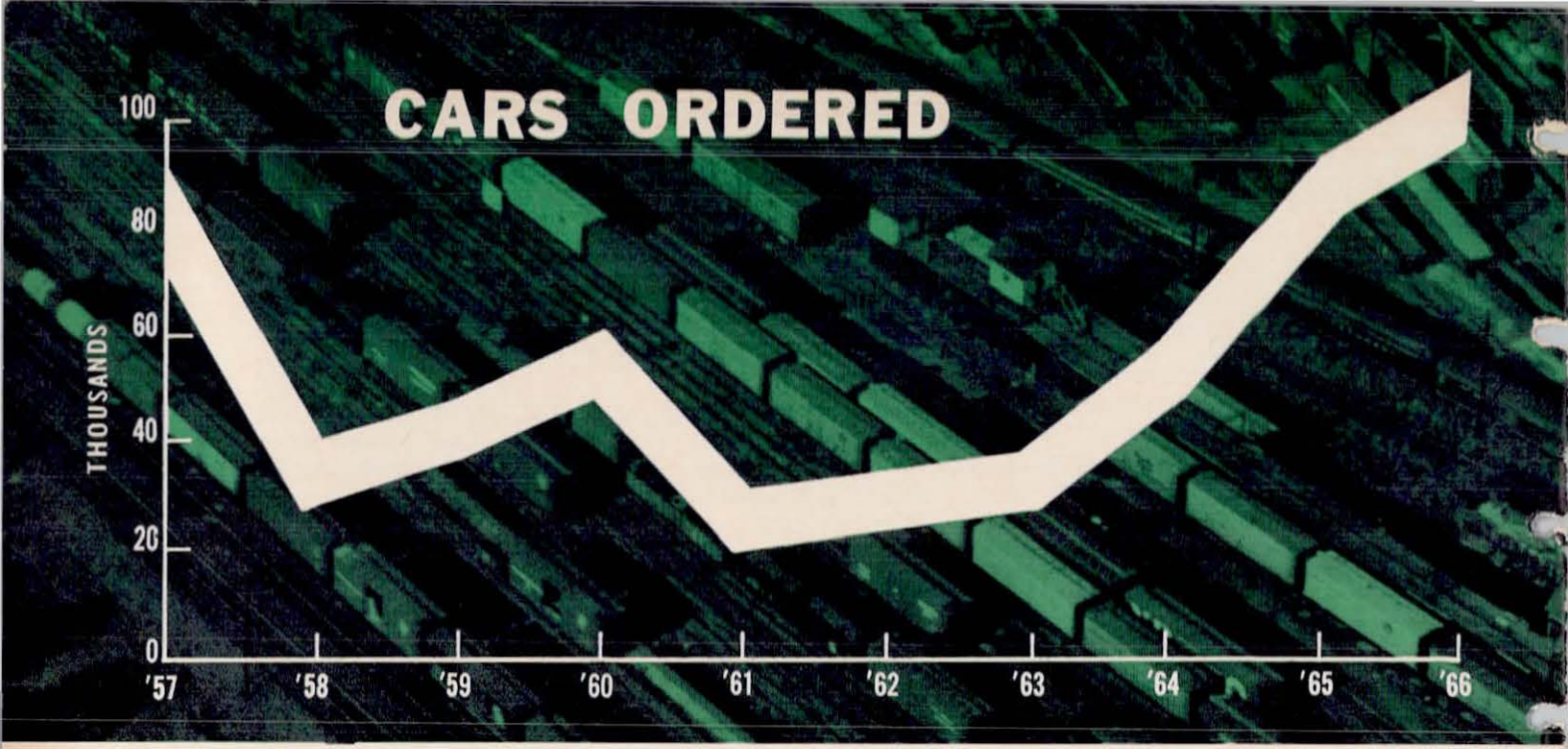
"Actually, our railroad transportation of today has just as much, or as little, resemblance to the past as does the Atlas booster to the paper sky-rocket they used to let us shoot off on the Fourth of July."

THE 21st CENTURY—Jack Records is the man who directed the development of a radio-command guidance system that was employed on the first Mercury space flights. We are, therefore, inclined to take his technological predictions seriously. Listen to these:

"If our present progress continues at the current rate—and there are many indications that it will be accelerated—in the 21st century we might see completely automatic integral trains flashing goods to the cities at speeds up to 300 mph.

"And much before then it is highly likely that a national railroad computer network will be able to tell you instantly the location of any car in the country."

Now what do you suppose William McKinley would think of *that*?



PEAK AND VALLEY ORDER PATTERN, often claimed to have ended, could develop again.

Cars: Long-term outlook

- **Suspension of investment tax credit has temporarily disrupted orderly car acquisitions.**
- **With declining backlogs carbuilders could soon face a slackening of their operations.**

Despite the current disruption in car buying and carbuilding, there is no lack of confidence in long-term railroad freight prospects. And railroads are gearing to handle the added traffic.

Soo Line, for instance, continues its program of acquiring high-quality general-purpose cars and specialized cars designed to generate revenues from the transportation of individual kinds of freight. The road stresses particularly the 100 covered hoppers it purchased in 1966, each of which has a capacity for grain equivalent to two box cars.

With these covered hoppers, Soo recently told its stockholders, the first steps had been taken toward handling all its grain traffic in covered hoppers. "The change in grain handling is basic and necessary," Soo reports. "Box cars—the traditional grain vehicle—require much handling and preparation and are slow to load and unload.

"Hopper cars are self-cleaning and may be loaded and unloaded rapidly. Soo intends, through the acquisition of covered hoppers over the next few years to become virtually self-sufficient in the area of grain-car supply and to improve grain-car utilization." A major phase of this year's equipment program is the lease of 500 additional grain hopper cars.

• **Augmented supply.** Frisco has augmented its car supply for grain transportation by a lease of 500 covered hoppers undertaken jointly with a major chemical company (RA, Oct. 3, 1966, p. 12). The railroad uses the cars for six months of the year during its grain shipping peaks. Armour Agricultural Chemical Co. uses them for the other six months to move fertilizer. A system of improved car control based on computer records is credited with giving Frisco the equivalent of 1,000 additional freight cars daily (RA, April 17, p 18).

Shortage overcome

Santa Fe reports that its accelerated car buying overcame shortages experienced last year and that equipment scheduled for delivery this year should be adequate to meet all shippers' needs. Illinois Central is in the midst of the greatest equipment program in its history; the $52-million expenditure is adding 4,525 new cars to the IC fleet.

• **Lowered peaks.** New York Central is stressing a total distribution program for grain traffic seeking to encourage the expansion of the present country elevator into an "Agri-Marketing" terminal. Such terminals would incorporate increased storage for seasonally harvested grain so that it can be transported year-around as it is consumed, lessening peak overloads on transportation facilities.

As a first step, NYC initiated a program of moving corn in high-cube covered hoppers and charging lower, "frill-free" rates which brought 70,000 cars of traffic last year. Unlike traditional 40-foot box cars, says NYC, "the hopper cars provide leak-proof transportation and can be quickly loaded and unloaded."

Getting solutions to the problems of current car supply may be only slightly more difficult than specifying the exact nature of the problems. Much of the recent discussion of car supply seems to have degenerated into a sophisticated version of the old "who's on first . . . what's on second" routine.

If getting even "ball-park" figures just resulted from having everyone on the field, freight-car needs and figures on surpluses and shortages should be available. The railroad industry, the

CARLOADINGS FORECAST—SECOND QUARTER 1967

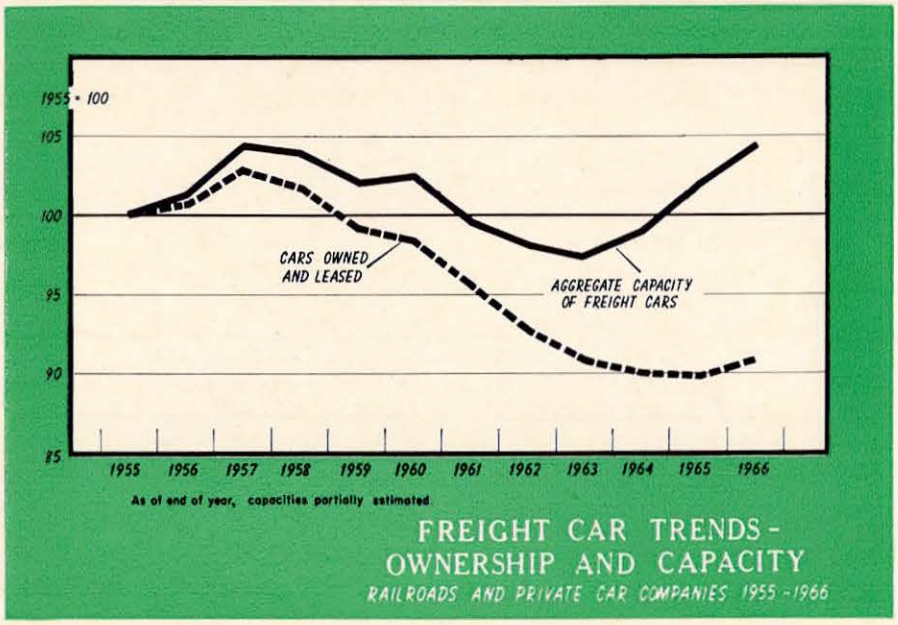
(Based on estimates of Shippers Advisory Boards)

Commodities	Loadings	Per cent change*
Grain	368,968	—12.7%
Grain products	256,890	— 1.1
Coal, coke	1,595,940	+ 2.6
Ore	695,901	— 1.0
Gravel, stone	517,540	+ 0.3
Forest products	550,423	— 1.6
Petroleum	177,179	+ 1.0
Iron and steel	429,680	— 5.5
Scrap	127,433	— 3.3
Machinery	135,493	+ 1.7
Cement	113,467	— 0.5
Clay	133,095	+ 4.1
Autos, trucks	98,696	— 7.3
Vehicle parts	196,565	— 7.7
Fertilizers	239,333	+ 7.1
Paper products	323,007	+ 1.2
Chemicals	287,004	+ 3.0
Food products	112,671	+11.0
All other	598,818	— 0.2
Total	6,958,103	— 0.6

*Compared with second quarter 1966.

CAR SUPPLY will be affected by weather and industrial activity in months ahead.

is promising



FREIGHT CAR TRENDS - OWNERSHIP AND CAPACITY

RAILROADS AND PRIVATE CAR COMPANIES 1955-1966

Administration, Congress, the Interstate Commerce Commission and shippers have all been out there flailing away . . . with few base hits and almost no home runs.

● **Glaring error.** An error of major proportions has to be chalked up to the Administration and Congress for permitting suspension of the investment tax credit as it applied to new freight cars in October 1966. This was done in the face of warnings by the American Railway Car Institute, Railway Progress Institute, and AAR on just how drastic the consequences could be. The results have been as dire as predicted. Car orders tumbled, for instance, from 12,661 in February 1966 to 3,420 in February 1967.

Even though the Administration proposed a retroactive restoration of the tax credit for all types of capital expenditures in early March, Congress has been over six weeks in dealing with the legislation. And while reinstatement of the tax credit crawled through House and Senate, railroads matched the snail's pace with a virtual hiatus on orders for new cars. Carbuilders looked with apprehension at their shrinking backlogs.

● **One home run.** Probably the nearest thing to a home run in car supply was scored last year when railroads and private car lines ordered over 105,000 new and rebuilt freight cars and, with the expenditure of almost $2 billion, set an all-time record for rolling-stock spending. The result was an increase in the car fleet for the second straight year and a continuation of the increase in aggregate carrying capacity which has been under way since 1963 when high-capacity equipment began to have a significant effect on the industry.

Because of last year's heavy car buyings, carbuilders are generally busy right now. But the effects of the suspension of the investment tax credit have begun to show.

● **Really a shortage?** Shippers meanwhile looked at what they were classifying as a growing car shortage. The American Plywood Association has just kicked off another of its periodic campaigns for increased box-car ownership with warning of virtually a perpetual car shortage confronting the forest products industry. Says a spokesman for one large lumber company: "We've got orders, but no cars to ship them."

O. A. DeCroce, general manager of central transportation for Armstrong Cork, was recently quoted as saying that Armstrong is being affected by car shortages "in some areas now," and predicting that "it probably will become more serious." DeCroce criticizes railroads for buying too many special-purpose cars.

More than one traffic manager has expressed his interest in "just plain old steel work horses," general-purpose box cars. J. L. Bergen, traffic manager for Uncle Ben's, Inc., recently pointed out to Railway Age that general-service box cars were 27.2% of the fleet in 1965, "and are forecast to be less than 20% by 1970."

● **General purpose.** "We have been feeling the effects of a general-purpose box-car shortage for loading our finished products over an extended per-

New corporate symbol of PPG Industries went on Union Tank pressure flow car (left)

iod," says Bergen. "We are still suffering. There just don't seem to be enough general-purpose box cars of the high classification food products require to meet our day-to-day needs."

A Continental Grain spokesman expresses a need for "just plain every-day box cars" even though Continental is a major user of covered hoppers. A. E. Leitherer, general traffic manager for Allied Mills, (RA, Feb. 27, p. 20) has warned that shippers confronted with perennial car shortages are prime candidates for switching to private carriage. Incentive rates which would encourage the leasing of cars by shippers would be of benefit both to the railroads and their customers, according to Leitherer.

More companies are turning to car leasing to meet their requirements. International Minerals & Chemical in the past year has doubled its leased fleet to 4,000 cars.

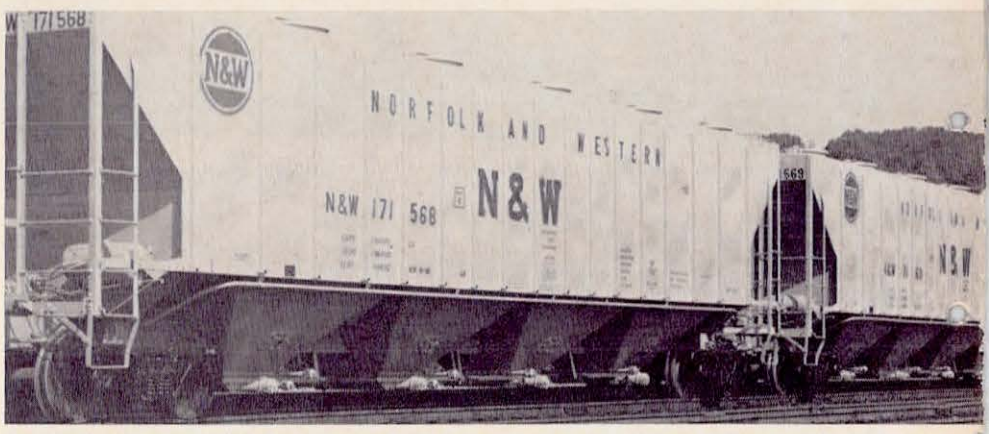
● **And fewer loads.** While shipper spokesmen are warning about a scarcity of cars for loading, Shippers Advisory Boards are predicting fewer loads. This, in part, comes from the heavier loads which go into today's average car. But whatever the cause, it is expected that 1967's second-quarter carloadings will be down 0.6% and that there will be rather dramatic drops from the equivalent 1966 period in grains and auto parts which move predominantly in box cars.

Shippers Board predictions for a significant drop in grain shipments could be vastly understated when final results are in from the drought-devastated winter wheat crop of Kansas, Colorado, Oklahoma, Texas, and New Mexico.

● **Federal action.** The same day that the American Plywood Association began its 1967 drive for more box cars, the ICC recessed until further notice its hearings on Ex Parte 241, Investigation of Adequacy of Railroad Freight Car Ownership, Car Utilization, Distribution Rules and Practices. This was done to permit completion of hearings on proposed per diem rates for the use of freight cars in times of short supply (Ex Parte 252).

The recessed round of Ex Parte 241 hearings was highlighted by discussions aimed at determining if a freight-car shortage actually exists. ICC figures which allege to show a lack of cars are based on a classified AAR Car Service Division report circulated only to member roads and the ICC.

Emphasis has been on efficient liquid and



Dry bulk transportation has changed as hoppers such as these Pullman-built highcube

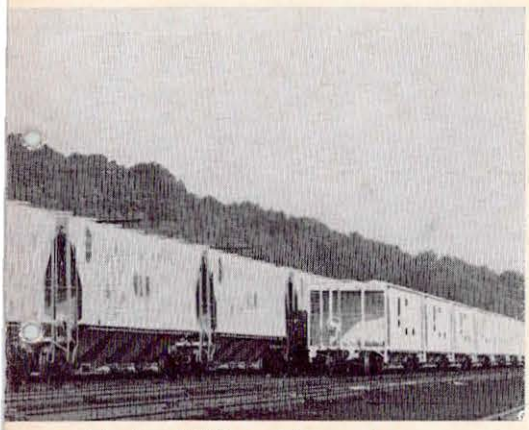
Covered hopper built by Hawker Siddeley Canada is one of large group put in Canadian

● **Shortage or dislocation?** The ICC, which does investigate shipper reports of local car shortages, finds the volume of such complaints generally can be correlated with AAR reports of shortages. A spokesman for the ICC Bureau of Safety and Service explained that concurrent surpluses and shortages of freight cars at different locations indicate a "dislocation" rather than an inadequacy of freight cars. He conceded that no one in the ICC "had ever had the idea of requiring all railroads to own enough freight cars to meet peak demands week for week," conceding that the primary problem was "leveling the peak."

In addition to its interest in sheer numbers, the ICC has also been studying freight-car utilization. And last week a public hearing began in St. Paul, Minn., on the proposal of the General Committee of the AAR Operating-Transportation Division to raise and revise demurrage rates to force improvements in car utilization. This follows announcement of the planned (June 1)

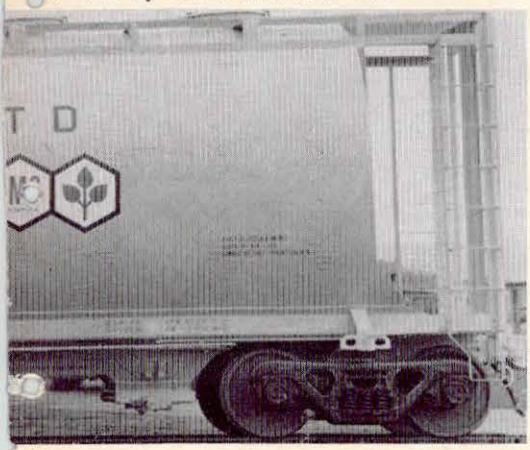
and on jumbo tank car (right).

dry bulk transportation



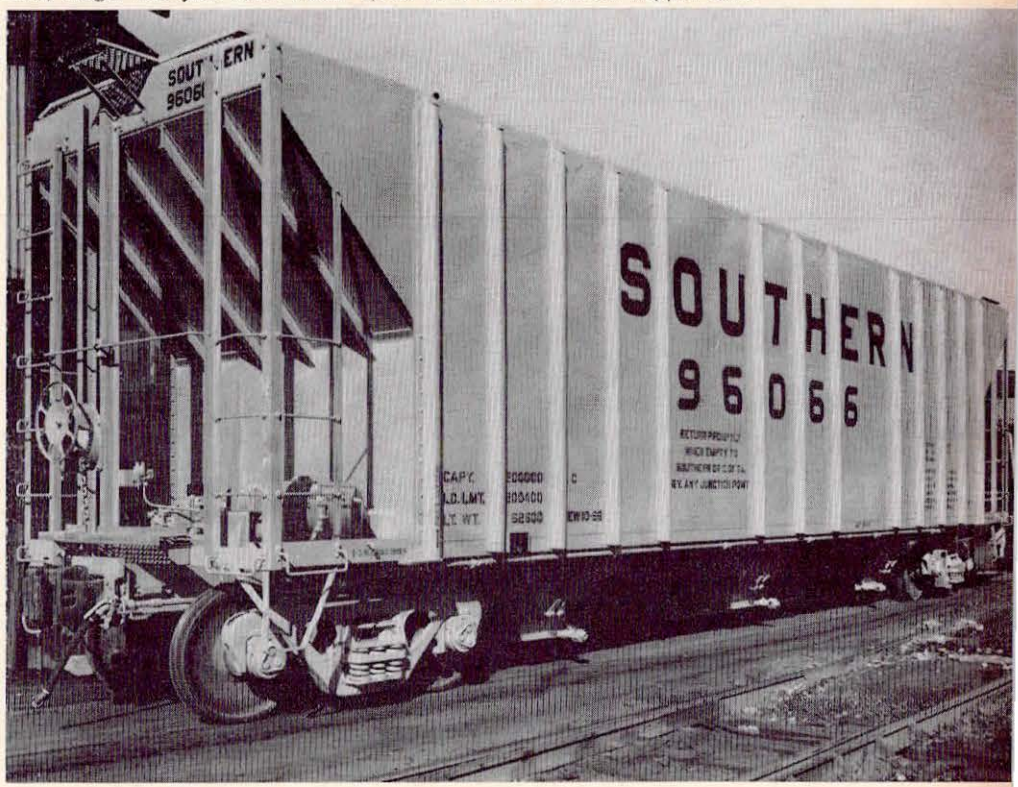
models for N&W go into service.

service by North American Car.



Aluminum tank cars of 20,000-gallon size built for Dow by ACF are part of growing fleet of diversified types of cars which are owned by the shippers.

Bulk materials by rail got boost when Southern introduced aluminum "Big John" cars; Magor has just built these 4,000-cu-ft steel covered hopper cars.



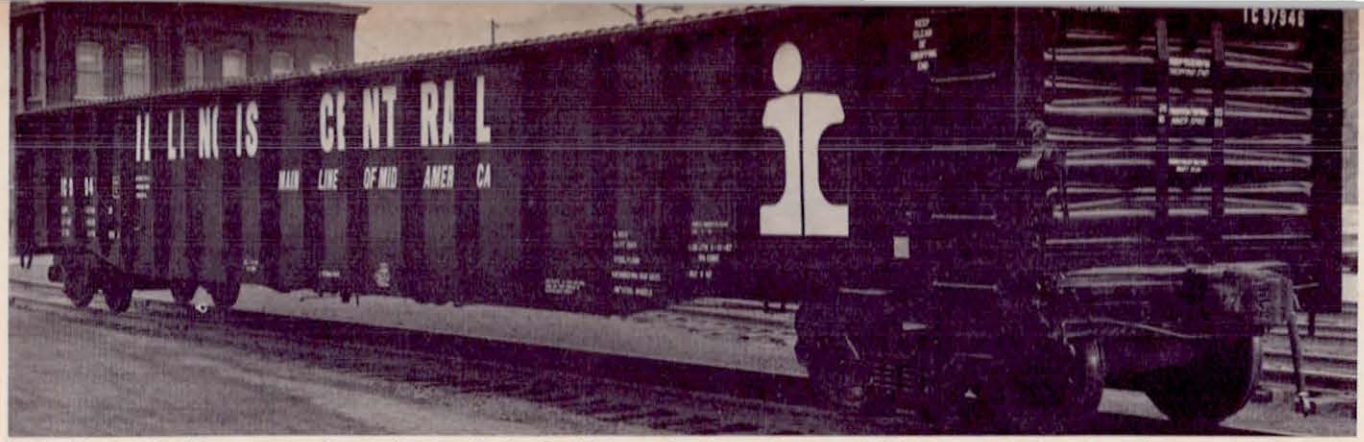
imposition of a $25 charge when a consignee releases an empty car which must be cleaned before it can again be used. Both actions are opposed by the National Industrial Traffic League.

● **Squeeze on carbuilders.** While the ICC and railroads were pondering the problems of the existing car fleet, builders of freight cars were trying to determine just what would, or would not, be built. That March morning after the Administration unexpectedly asked for a retroactive restoration of the investment tax credit (RA, March 13, p. 12), many carbuilder and car component salesmen went to their offices expecting that phones would be ringing with requests for bids and deliveries. Not many were; not too many have since.

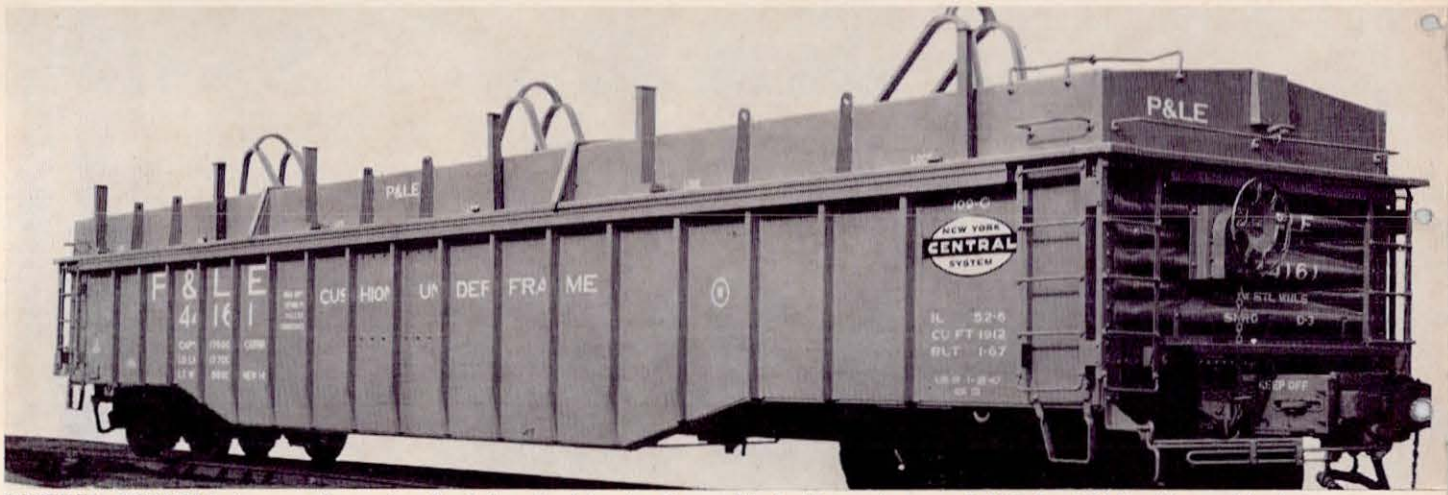
There have been many uncertainties in this situation. It was the interpretation of many railroad lawyers that even inquiries concerning new rolling stock would be construed unfavorably by the Internal Revenue Service until the tax-credit restoration had actually been passed and signed. IRS has indicated that this would not be so.

Other railroads, already encountering traffic declines of varying degrees and with less-than-bright predictions for coming months were perfectly willing to cut back on equipment buying. Some lines, during a year of near-record profitability, had bought in 1966 at a rate that would not have to be matched, or even approached, in 1967.

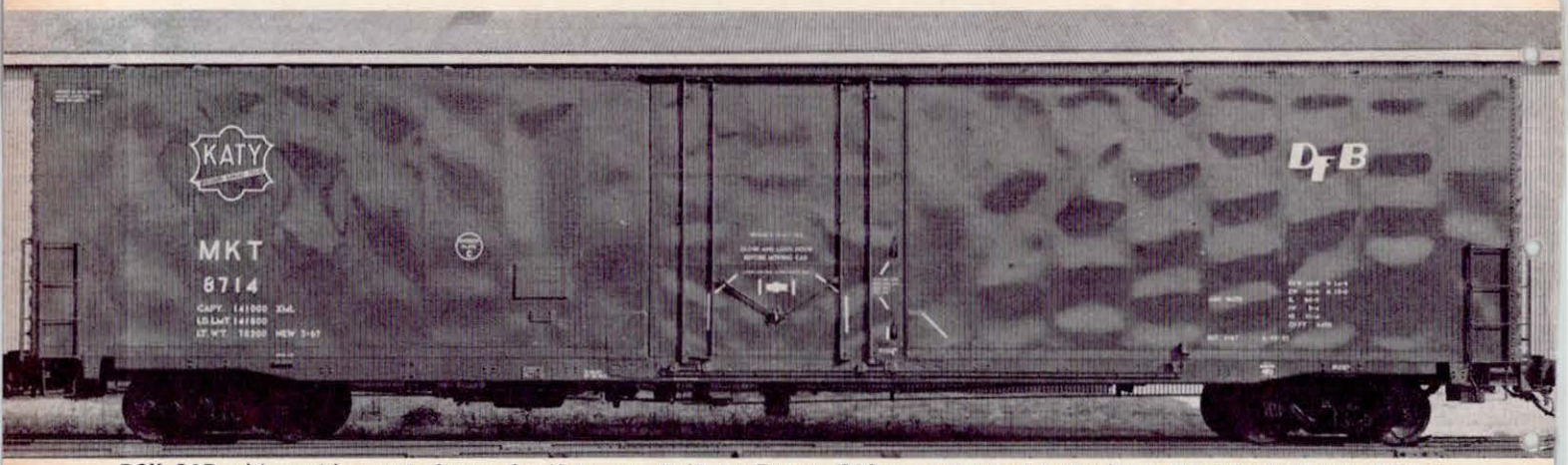
● **Shrinking backlog.** The result was inevitable. Order backlogs which had risen steadily for many months peaked and so far through 1967 have shrunk



GONDOLAS of 100-ton capacity, built for IC by Bethlehem Steel, conform to AISI Transportation Committee specifications.

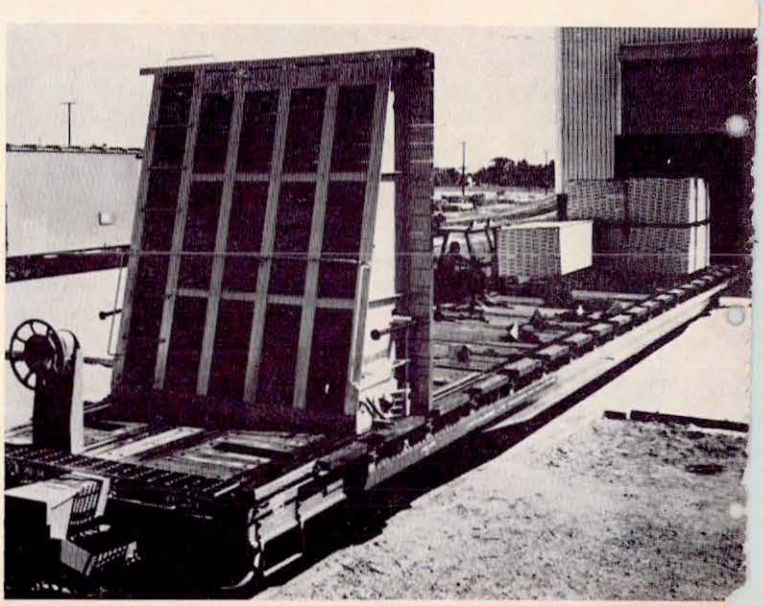


COVERED GONDOLA is one of growing fleet for steel hauls; Greenville-built car is one of 150 for P&LE with cushioning.



BOX CAR with cushion underframe, for Katy, was built by Evans; 200-car order had half with bulkheads, half with DF bars.

FLAT CAR with movable bulkhead was demonstrated by Evans recently; car was designed to move building products with minimum of blocking and to permit lift-truck loading and unloading.



Special equipment hauls many loads which once moved in box cars.

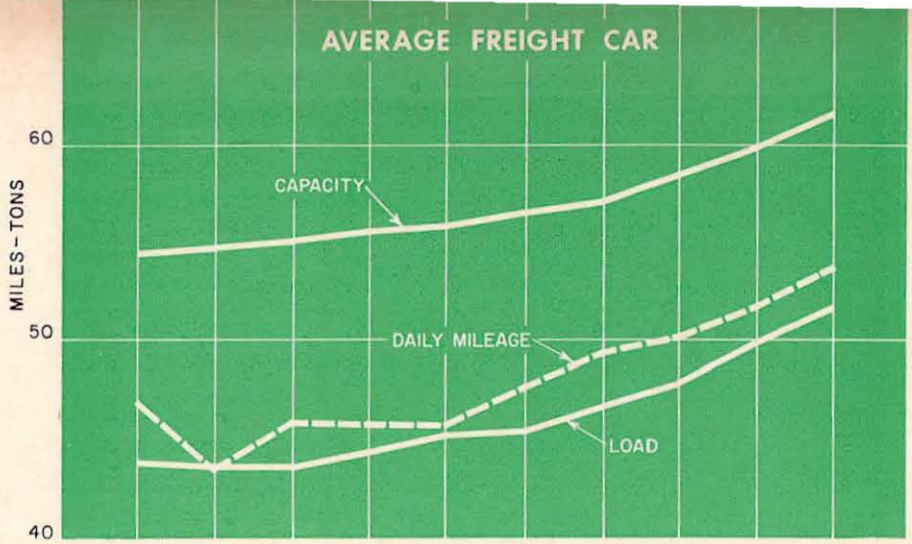
steadily. On March 1, the backlog was 48,197, compared with 51,450 on order and undelivered on February 1. Deliveries, which are steadily eroding this backlog, were paradoxically well above last year. During February, 8,108 new cars were delivered, compared with 6,247 in February 1966.

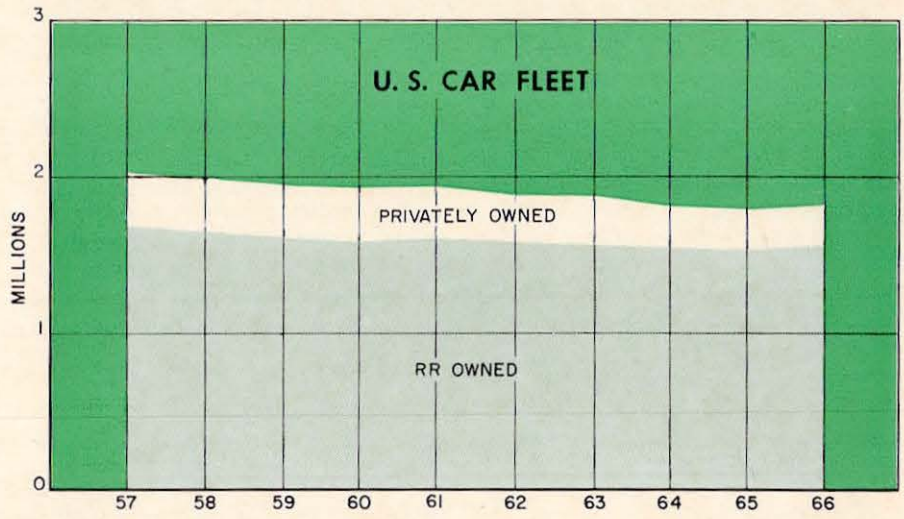
Apparently there will be a production lag in carbuilders' plants during the last half of the year. By late 1966 there were predictions that a lack of volume orders could soon slow the pace at some of these facilities. With a suspension of any substantial operations at builders' plants, industry spokesmen warned the immediate effect would be loss of skilled employees; longer-term consequences could be a three- to six-month lag before it would again be possible to achieve full production.

● **Production lag.** A Railway Age survey of commercial shops shows the predicted slowdown is under way. There have already been some layoffs. Builders' backlogs vary from a matter of weeks to as far ahead as the fourth quarter. There is, however, general optimism about the effects of the tax-credit restoration.

Evans Products reports that its present orders on hand should carry to the fourth quarter, but that, since the announcement of the tax-credit reinstatement, there has been no big surge either of inquiries or orders. Greenville Steel Car has a backlog of over 1,000 cars—about five months' production. Reports G. C. Brecht, GSC vice president, "the outlook for the remainder of the year is contingent on Congress settling the investment tax credit." He foresees substantially more orders if it goes into effect. And while the Administration's request has been under consideration, Greenville has had calls about prices and delivery that indicate railroads will order after the reinstatement.

Magor looks for new orders once the tax credit is back in effect. In Canada, where railroad problems do not include the investment credit, Hawker Siddeley Canada reports that its current backlog extends to the late third quarter on all three of its production lines and anticipates additional orders to see it through 1967.





● **Peak and valley again.** The current U.S. order situation represents a resumption of the peak-and-valley pattern of car buying which railroads and carbuilders had hoped might be at an end. This, following five years of relative stability which allowed car shops to be tooled and operated on a basis which would produce maximum economies for customers and an attractive return for their owners.

The U.S. car fleet currently totals almost 1,830,000 cars, substantially above a year ago. Class I railroads and their subsidiary car lines account for 87%; Class II and switching and terminal railroads own about 2%; private car owners account for 11% of fleet ownership.

Aggregate capacity of the fleet is currently over 111 million tons. Average capacity of freight cars installed in 1966 was 77 tons, compared with 54 tons for those retired. The effects of bigger cars and improved utilization are evident from the ton-miles generated by one of today's carloadings—twice that of the early 1940's and three times the figure of 40 years ago.

● **Box cars again.** The much discussed box-car fleet of Class I roads presently totals 580,000 units—a decrease of 20% since 1957. Due to the increase in average box-car carrying capacity during the past decade, their aggregate carrying capacity has declined only 12.8% without considering improved utilization. Partly offsetting this decline is the growing fleet of specialized equipment of various types which handle many of the commodities formerly moved in box cars:

—Covered hopper fleet—106,000 railroad-owned and 22,000 privately owned units—includes many cars of high capacity designed to carry twice the amount of bulk commodities, including grain carried by a 40-foot box car;

—Expanding fleet of multi-level autorack cars has grown to more than 16,000 units since 1960, not only regaining new vehicle traffic but releasing many box cars for other transport service;

—Piggybacking which involves, in addition to other equipment, a railroad-owned and railroad-leased fleet of 50,000 trailers and containers that move many commodities which formerly would have required box cars. ■

How railways conduct and what they gain from market research

Survey shows differences of opinion, but indicates that the most productive work can be done with large, centralized, bulk-commodity firms having relatively few products to ship.

Some railroads have shaken the transportation industry from its complacency and unimaginative approach of past years. This evolving management revolution has been aided by utilization of marketing and marketing research techniques.

This article reviews some of the findings of a study entitled, "Marketing Research in United States Class I Railroads." Personal interviews were conducted with 19 Class I railroads, 13 being Western Transcontinental lines. The remaining six were railroads well known nationally for their marketing research endeavors.

By STANLEY J. HILLE

The writer has had the opportunity to read completed marketing research studies from several railroads. They encompass individual commodity studies, rate analysis, and internal merger studies.

The techniques used have been as varied as the subjects they covered. There have been reports made up entirely of secondary sources, of expert opinion, or observational techniques. The latter included field surveys, special design of equipment in cooperation with shippers, internal planning procedures for the railroad, and attempts at improving sales forecasting techniques.

These studies have varied from very formal undertakings to "one-shot" studies supervised by "ad hoc" committees composed of marketing research personnel, salesmen and engineers. The more formalized procedures are usually found in the larger marketing research departments.

● **Necessary basic skills.** Four basic skills and attitudes for conducting marketing research in an organized fashion in the railroad industry can be identified. They are:

1) *Knowledge of secondary sources.* As a first step to conducting marketing research in a formalized manner one must be willing to consult all available published material. To do this properly one has to be trained in use of the library, and have a knowledge of the various trade publications in his field. This skill is universally necessary for research.

2) *Willingness to consult experts.* Although this may not be considered a "skill," it is a necessary attitude for the market researcher to have if he is to be successful. Often, one will not know all the facts, but an expert located in the right department dealing with the particular facts might have this knowledge at his fingertips. Therefore, the researcher must not only be willing to consult, but must also know whom to consult, when seeking information.

3) *Statistical skills.* The market researcher must know how to design studies that are statistically sound so his information may be used with a degree of confidence. Much marketing research involves field studies, and sampling techniques must therefore be mastered. Again, this is a skill that is necessary in most marketing research throughout industry, and is not unique to railroads.

4) *Railroad technology.* The market researcher must understand how his railroad operates and how it fits into the distribution systems of its customers. Therefore he must have, or must acquire, a certain technical knowledge of the railroad industry. He must know the particular advantages his company has to offer, and must know its weaknesses as well. In addition, it is necessary for the researcher to know a great deal about the various industries his railroad serves. In this way he can match the advantages of his company with the needs of the potential customers involved. This knowledge will also help the researcher identify where his particular railroad's weaknesses exist in serving its customers, and then discover how to improve and widen its advantage in the market place. In addition, the railroad market researcher must be thoroughly familiar with the various legal problems of his industry. Railroads are heavily regulated, and therefore the researcher must be aware of the constraints which limit possible courses of action.

To be able to optimally utilize these skills, the railroad marketing researcher must also have the ability to get along with his counterparts on other railroads. One railroad executive said his company only made about 15% of its total rates. The remaining 85% were set in cooperation with other railroads.

To implement the named skills and attitudes, the market researcher must use a scientific approach, and attempt to stay objective in his study of railroad marketing. If he combines this systematic approach with the skills and attitudes discussed above he possesses the prerequisites for conducting effective and efficient railroad marketing research.

● **Contributions of regional groups.** Research groups have been employed by railroad rate bureaus. Executives in the marketing research departments of the study railroads stated that regional groups' work was of a statistical nature and encompassed several railroads in each study. No one railroad could be identified in the studies conducted by these groups. Their work was confidential and reported to the railroads which supported and subscribed to their work. That was one of their weaknesses, because all railroads did not support their work. Since findings had to be on a regional basis, the studies were largely restricted to regional commodity analysis and rate studies.

The regional groups are no substitute for individual marketing research departments within the railroads. The executives interviewed were relatively dubious about the results that had come from the regional marketing research groups. It seems their major weakness was one of a political nature. If the findings were good for one railroad and not for another, the first railroad would support the findings while the second would oppose them. These problems were a result of the railroads being competitive, as well as cooperative, with each other. They, therefore, could not be expected to agree on traffic matters where one of the railroads would lose while another would gain.

Another criticism leveled at the regional groups was that they contained

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Why market research is necessary

Since the turn of the century railroads in the United States have suffered from over-capacity, over-regulation, and in many cases, poor management. Until 1920, they had been a virtual transportation monopoly. Thus, in the early 1920's the railroads were considered a monopoly by the public, by the regulatory commissions, and even by the railroads' own managements. But during that decade the automobile emerged as a powerful competitive factor in the passenger business. Then a crushing blow was delivered in the 1930's when trucks became a major competitor for freight.

Even though railroads no longer held an inland transport monopoly by the 1930's, management policies and practices still reflected a monopoly attitude. Railroads had neither an adequate concept of their market, nor much awareness of what their competition was doing. They had been a monopoly for so long that they were unable to react to a competitive situation and, as a result, failed to do anything. They merely hoped the trucks would leave the scene.

World War II produced an abnormally high demand for both passenger and freight service, which in turn gave the railroads sufficient revenue to make physical improvements in terms of dieselization, some new rolling stock, and modernization of yard and terminal facilities. However, this prosperity was short-lived. When hostilities ceased, railroad earnings resumed their downward trend. The Korean War staved off further declines for a short time in the early 1950's, but again, at the close of that conflict, railroad earnings and share of the transportation market continued to shrink, which is evidence that railroads still were not fulfilling shippers' needs.

Due to factors of railroad economics, the financial and market positions of railroads in the eastern United States were more severely damaged than those of Western railroads. Railroads have their greatest advantage on long-haul, volume movements. In the East, markets are close together, causing many high-cost terminal operations, and short hauls, which make trucks more competitive in terms of price and service. Rivers abound, making barges competitive for many bulk commodities. In the West, cities are widely separated by largely riverless topography. Thus many railroads have a large core of volume traffic moving over long distances to support them.

During the long period of traffic decline physical improvements had continued in a steady march, and operating efficiency had continued to improve. However, the railroads' operations-oriented philosophy did not encourage activities that resulted in discovery and analysis of the needs and wants of customers. Railroads, as a result, were providing many services customers did not need or want, while failing to provide many desired services.

When physical improvements did not stem the adverse tide, railroad management began to investigate modern, scientific marketing techniques. In the late 1950's marketing articles began appearing in transportation journals as professional railroad managers became more concerned with it.

As a result of this new interest in marketing railroad executives began to look outside of the industry for ideas. Since railroads deal basically with large repeat customers they are similar in that respect to industrial firms: thus they found many of the needed techniques and personnel available in those companies.

Officers in a few railroads led the transportation industry in searching out those individuals steeped in marketing research. These formalized activities have now been in existence in railroading some eight to nine years and have produced a number of interesting results. Some of these findings are presented in the accompanying article.

too many Ph.D's in business and economics, and did not contain enough experience in the railroad industry. Some railroad officers indicated that members of the marketing research groups were technically competent in research techniques, but did not know what they were researching, whom to contact, or what information to obtain. They also believed the quality of work would be vastly improved if the groups were staffed by more people in whom railroad officers could have more confidence.

However, all reports about regional groups were not negative. As one western transcontinental railroad executive said, "Even though the information is somewhat limited, they have done good work." One officer suggested that the effectiveness of the regional groups would be increased if they performed consulting services for their member railroads.

- **Commodity types.** Bulk commodities head the list of railroad marketing research activity. Cement, grain, coal, sand and gravel and wood chips, to name a few, are such commodities presently subjected to marketing research.

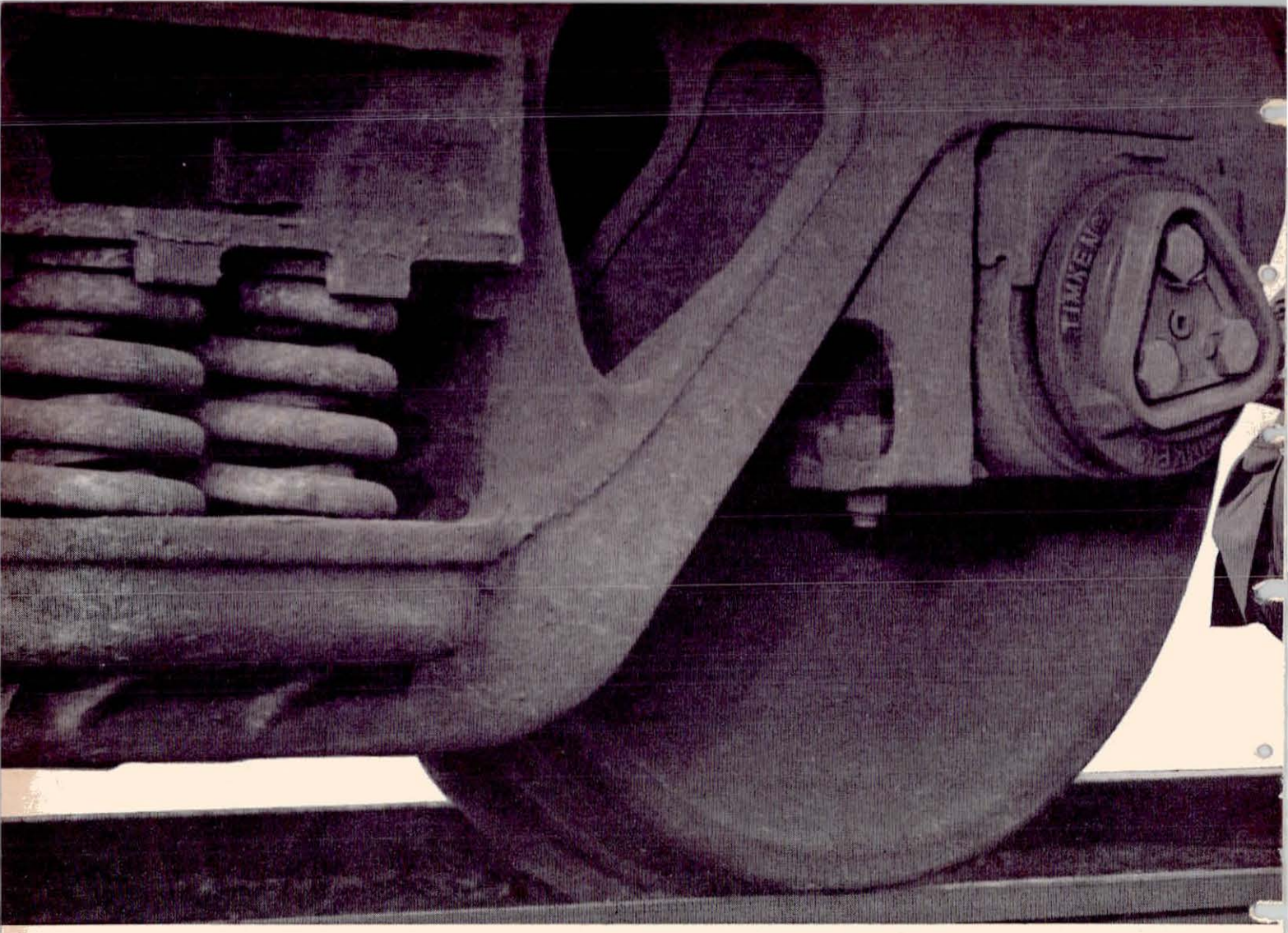
There are several explanations for the emphasis on bulk commodities in railroad marketing research. Among them is the one which states that railroads have already lost their high-value merchandise traffic, and the only commodities left of any importance fall into the bulk classification. Then as erosion of this final core traffic takes place, railroads are finally forced to search for solutions to their market problems. Bulk commodities would make up this core because railroads have the greatest natural advantage over their motor carrier rivals in this area.

In addition, a railroad manager on the West Coast stated that it had always been the marginal traffic that had been researched; due to the steady erosion of traffic that has taken place, immediate fires would have to be fought before attempting to make already profitable traffic more so. An Eastern railroad manager felt it was silly to waste time on marginal commodities because even if they were regained the railroad would not retain much profit. However, this same railroad officer also advocated taking easy-to-manage commodities first, and later attacking more complex commodities. These easy-to-manage goods were mostly bulk commodities. For instance, the chemical industry was one of those mentioned at the top of his list.

However, one or two western transcontinental railroad executives did not agree. One mentioned work on agricultural implements, a high-grade commodity, while another spoke of his railroad's plan to recapture merchandise traffic. Results of research in high-value commodities are found in the studies which produced bi-level and tri-level automobile cars. These shipments do, however, have high-volume characteristics.

An additional desirable feature indicated by a railroad executive is that

(Continued on page 78)



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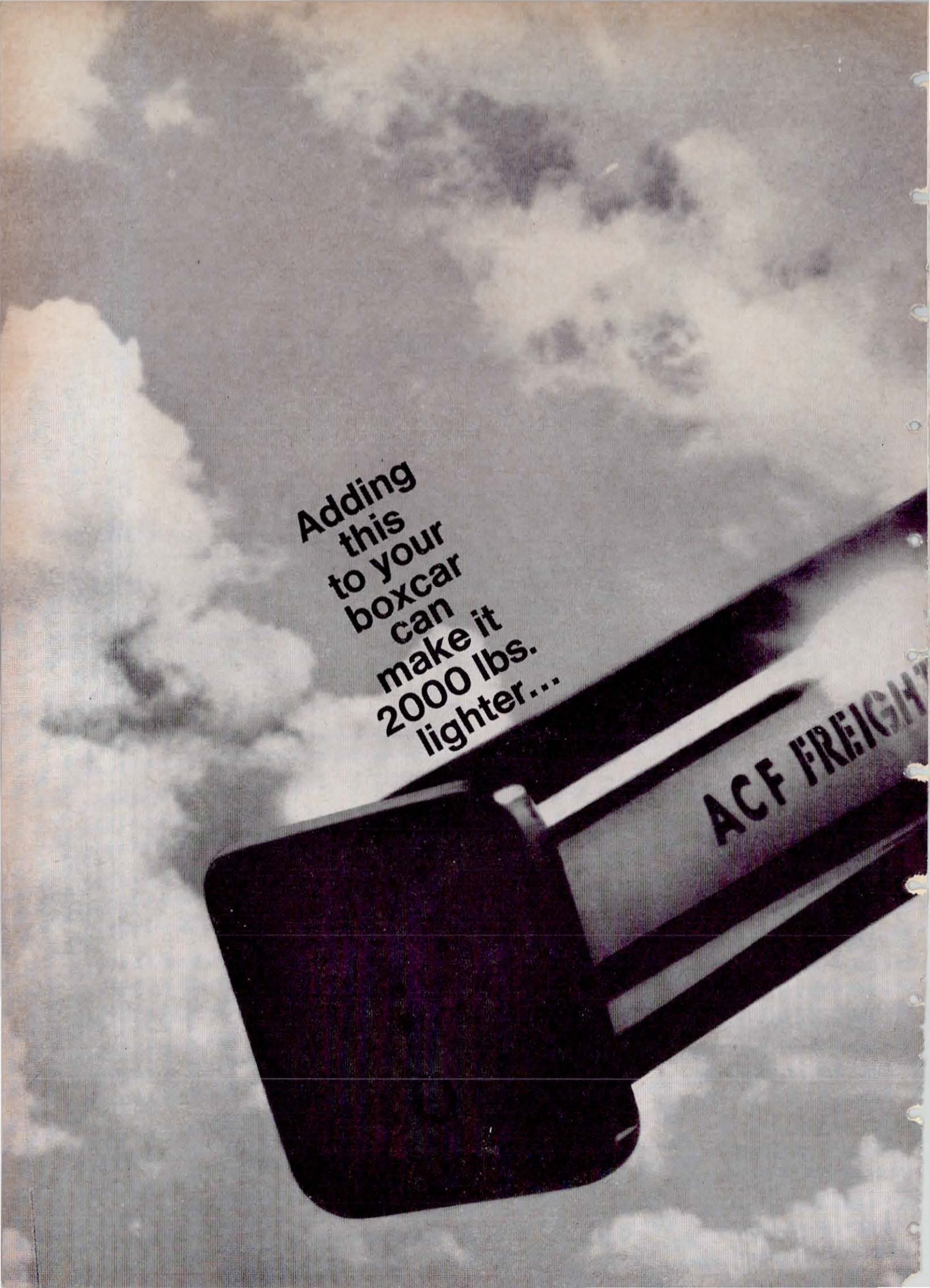
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Sara Lee: Success is a piece of cake

The firm's phenomenal growth is partly credited to excellent distribution—much by railroad.

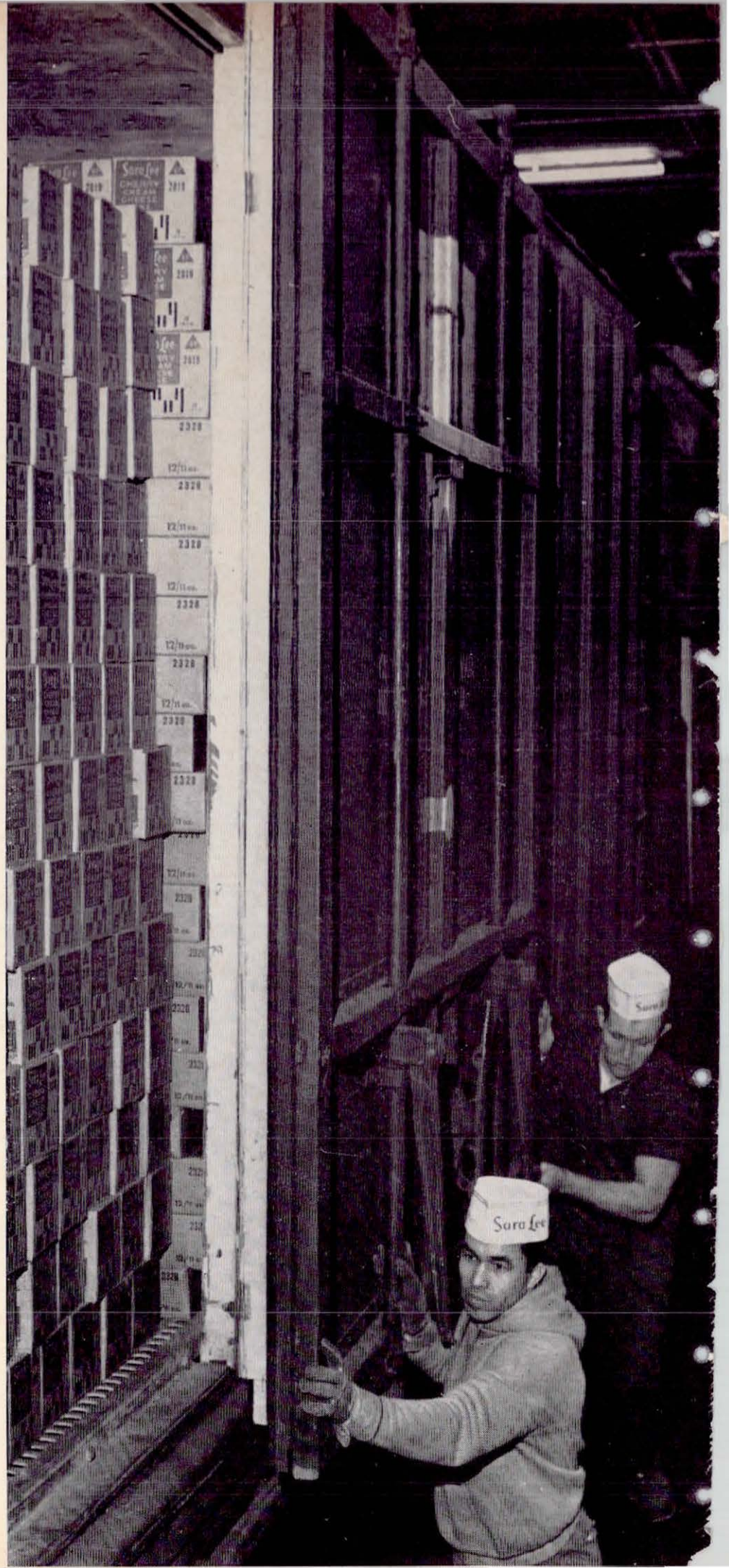
Distribution strategists might do well to ponder the significance behind the rising tonnages of cake being shipped by rail from Deerfield, Ill. Sara Lee, a subsidiary of Consolidated Foods, could be trying to tell transportation and distribution experts something about the shape of things to come.

The Sara Lee story started 16 years ago. It was not started by Sara Lee, but by her father, Charles W. Lubin, a baker destined to achieve fantastic results because of his dedication to quality.

Today, Lubin's line of products can be bought almost everywhere in the U.S. Millions of Americans have gotten into the habit of buying their cakes at freezers in stores and supermarkets throughout the country.

Lubin had a stringent view of quality: "Make cake as good as the best cake a housewife can make on that rare day when everything turns out just right for her." With that as a guide, Lubin set out to carve a market from buyers who used only the cake they baked at home or bought from neighborhood bakers.

Present-day distribution for such "perfect" cakes is based upon a bizarre but not unique fact: The chemical changes that cause bakery goods to turn stale are suspended by freezing. Thus, a cake frozen instantly after being removed from the oven is only as "old" as the time it takes to thaw it out when it is defrosted. Even neighborhood bakers find it hard to compete



QUALITY IN CAKES AND TRANSPORTATION

Stanley J. Winton, left, director of materials control, is charged with seeing that Sara Lee ingredients are of uniform high standard. Ed Weisskopf, traffic manager, is responsible for product distribution, using the best transportation available.

with the "freshness" of a freshly thawed Sara Lee cake. And, of course, a housewife can hold such a cake almost indefinitely until she is ready to use it if she has a freezer compartment in her refrigerator.

In 1950, Sara Lee was a very small company occupying space in the rear of a neighborhood bakery in Chicago. Today, Sara Lee turns out more than 100,000,000 cakes from a 52-acre complex at Deerfield, Ill., where 1,100 employees work in what is quite likely the most advanced bakery plant in the world—despite the firm's insistence that the whole computerized operation is actually just the "Sara Lee Kitchen."

The strikingly modern multi-million-dollar plant was completed in 1964. To people in the food processing business, it is one of the marvels of the modern world. Delegations from England, Japan, Germany, France and a group headed by Khrushchev's son-in-law have come to admire and study the "kitchen" that can turn out millions of Sara Lee's high-quality cakes with such mathematical precision.

● **How? Buy the finest.** Stanley J. Winton, director of materials control, admits that control of what goes into Sara Lee cakes is the essence of maintaining both the uniformity and high quality of his firm's products. He points out that before anyone can control anything in the process, ingredients specified in all recipes are brought together by buyers with simple orders: "Buy the best."

"Not only that," says Winton. "All our recipes pick the best items. For example, chocolate cake—good chocolate cake—can be made from margarine. But, butter is better, and that's all we use. We buy premium ingredients and make sure they are delivered."

The control of the "makings" for Sara Lee cakes is equally rigid. The makings are mixed, processed, baked and frozen under pre-determined standards by a Honeywell digital computer which complements the efforts of skilled bakers. The computer does everything but taste the finished cakes—blue capped quality-control experts do that.

The computer not only controls the production lines where the firm's 35 consumer products and its institutional items are baked, it also keeps an electronic eye fixed on 300 variables in the process that can affect quality. Continuous scanning of quantities of ingredients, flow, pressures, temperatures, humidity and quantities are ways in which the computer keeps faith with founder Lubin's fanatical convictions about quality.

● **Success spreads.** The success of Sara Lee products in the Chicago area in the early fifties was sensational proof of just how well quality was maintained. But an even sweeter success story was written when Sara Lee went national. The firm's ability to carve out a national market for its products borders on the fantastic. And behind that conquest of a national market is a warehousing, transportation and distribution story fraught with significance for transportation and distribution executives.

Sara Lee's kitchen at Deerfield is built to take maximum advantage of bulk-handling techniques for the commodities that make up the input to the computer-controlled baking production lines. Covered-hopper loads of flour and sugar keep storage bins at needed levels for production schedules. On precise timetables, carloads of butter, raisins, apricots, containers and other commodities are handled via advanced materials-handling techniques. Altogether, many hundreds of carloads and truckloads of eggs, milk, cream and other ingredients are the input at one end of the plant that come out the other end as millions of frozen cakes. Winton notes that precision of input is as important as the quality inasmuch as "We use no preservatives. Ingredients must be both fresh and of finest quality."

Winton's comment underscores how important transportation is to Sara Lee's quality control. Such quality-control is still the ferocious matter it has been from the very beginning of Sara Lee. Sara Lee's computer can control the process, but it cannot monitor the quality of the ingredients that constitute the input for a Sara Lee cake. That remains the responsibility, aggressively guarded, of Sara Lee's entire management.

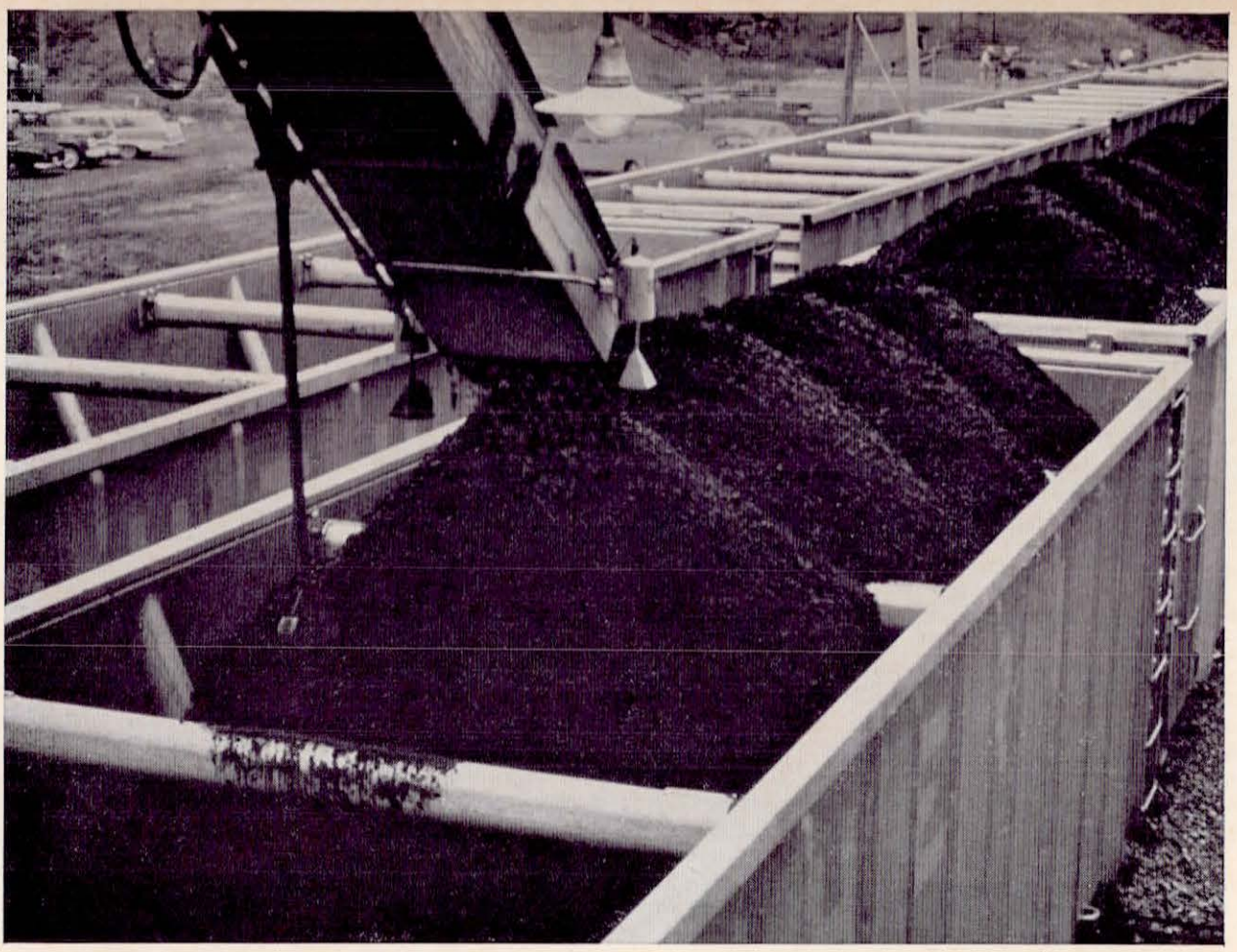
● **After baking, dazzling routines.** Input of materials to the Sara Lee bakery, while as up-to-date as any materials-handling set-up anywhere, is not extraordinary. It is after the products emerge from Sara Lee ovens that the revolutionary aspects of the firm's conquest of markets begin to show. Traffic and distribution experts viewing the handling and shipping of Sara Lee products after baking feel it is in this part of the operation that there may be a significant message in the making for the U.S. manufacturing and processing industry.

As baked goods come out of the plant's conveyor-belt ovens, they are blast frozen. On a continuous conveyor, the cakes are packaged, lidded and packed in cartons. The cartons, coded for subsequent optical scanning, travel from the plant's baking rooms on an intricate and ingenious conveyor system to a palletizing area. There, a battery of pre-programmed pneumatic machines stacks the cartons into pallet-loads.

Automatically, the full pallets of frozen cakes move toward Sara Lee's very large holding freezer—a monster refrigerator that measures 180 feet by 300 feet by 45 feet. In the freezer, stacking cranes grasp the pallet-loads, scan the markings of the cartons and search out an empty bin in the refrigerator. The entire transaction meantime is recorded in the central computer.

Maintained at ten degrees below zero Fahrenheit, the holding freezer can store almost 8,000,000 cakes. An adjoining freezer, stocked with products from the main freezer, stores an additional 200,000 cakes.

The two freezers hold Sara Lee's entire product line on tap for orders, and are the heart of one of the most sophisticated out-loading systems in the world. The input and output of the

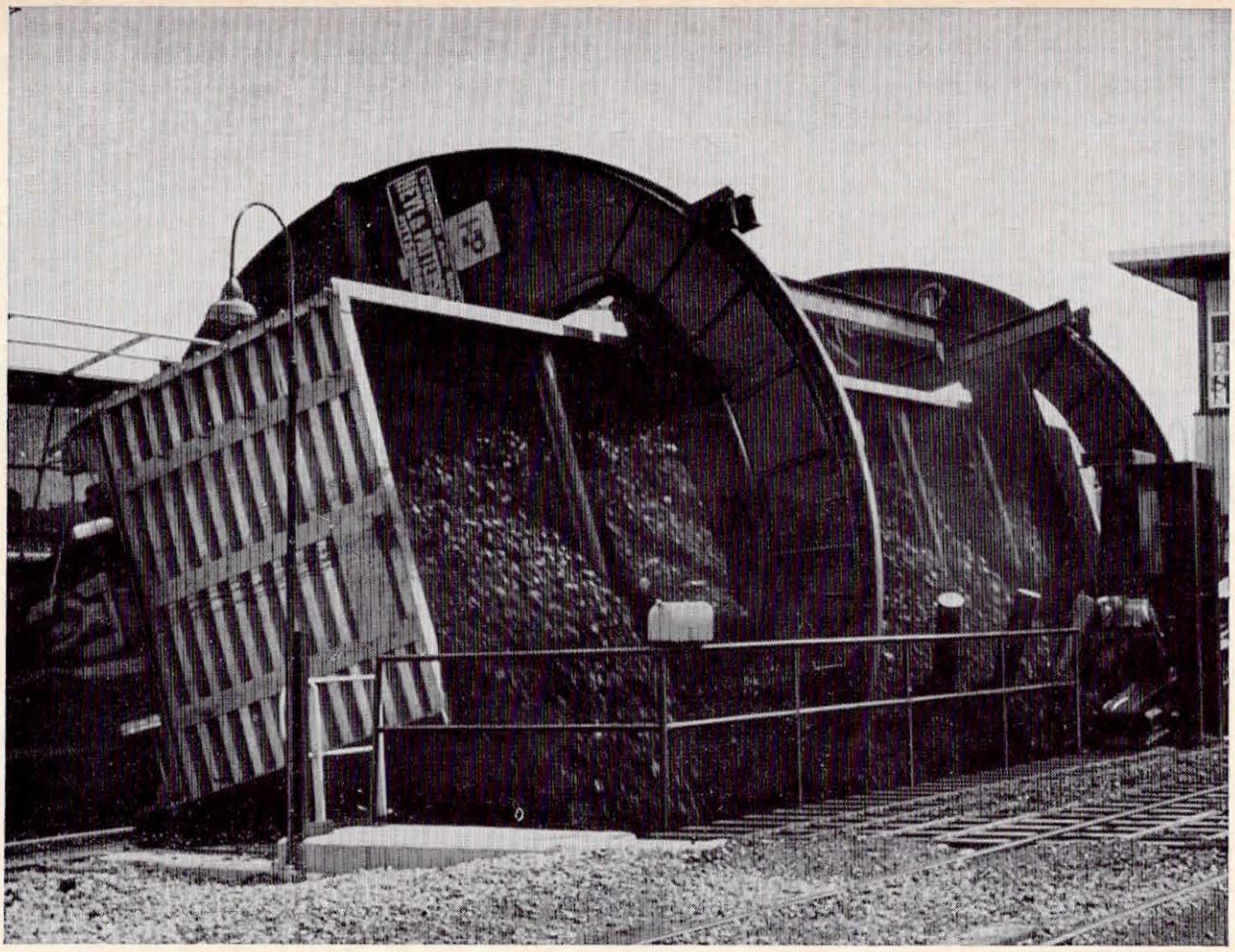


Payloads cost less from here... in unit trains of

In high-frequency hauling of coal, grain, cement, and other bulk cargoes, unit trains are doing a big job these days. And aluminum is demonstrating through daily use that it's a natural for this kind of punishing, maximum utilization service. Open hoppers and gondolas with bodies of lightweight Reynolds Aluminum have paid off in greater capacity, higher earnings, and lower operating costs for railroads—lower rates for shippers.

For example, a unit train of 100 all-steel cars with a gross train weight of 13,150 tons could carry a payload of 10,000 tons of coal—100 tons per car. A train of 100 aluminum-body cars with the same gross weight hauls 10,785 tons of coal—over 107 tons per car. Use of aluminum trades deadweight for *785 extra tons of payload moved with the same crew and locomotive power.*

Pure theory? Proven fact! Five or six days weekly for seven years, the Southern Railway System shuttles two unit trains of 110 aluminum-body gondolas between mines and power-generating plant. This is rugged rotary dump service. Aluminum's lighter weight means a given tonnage of cargo can be moved in fewer cars with less loading, weighing, switching, and unloading time.



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aluminum-body cars

Maintenance costs? Practically zero. Even after millions of ton-miles, aluminum-body cars have had virtually no body-maintenance downtime. Unlike steel, rust-free aluminum eliminates the need for costly slope and side sheet replacement.

Aluminum's strength and corrosion-resistance have been tested by some of the roughest treatment a metal can take. A major midwestern railroad has operated a fleet of aluminum-body open hopper cars in coal service for over *23 years without major body repairs.* Result: Less downtime for maintenance and repairs, better utilization.

Reynolds works closely with the railroad industry to develop new uses for aluminum in hoppers, gondolas, boxcars, and refrigerator cars, as well as components. For the full story, contact your Reynolds office or write *Reynolds Metals Company, P.O. Box 2346-TM, Richmond, Virginia 23218.*

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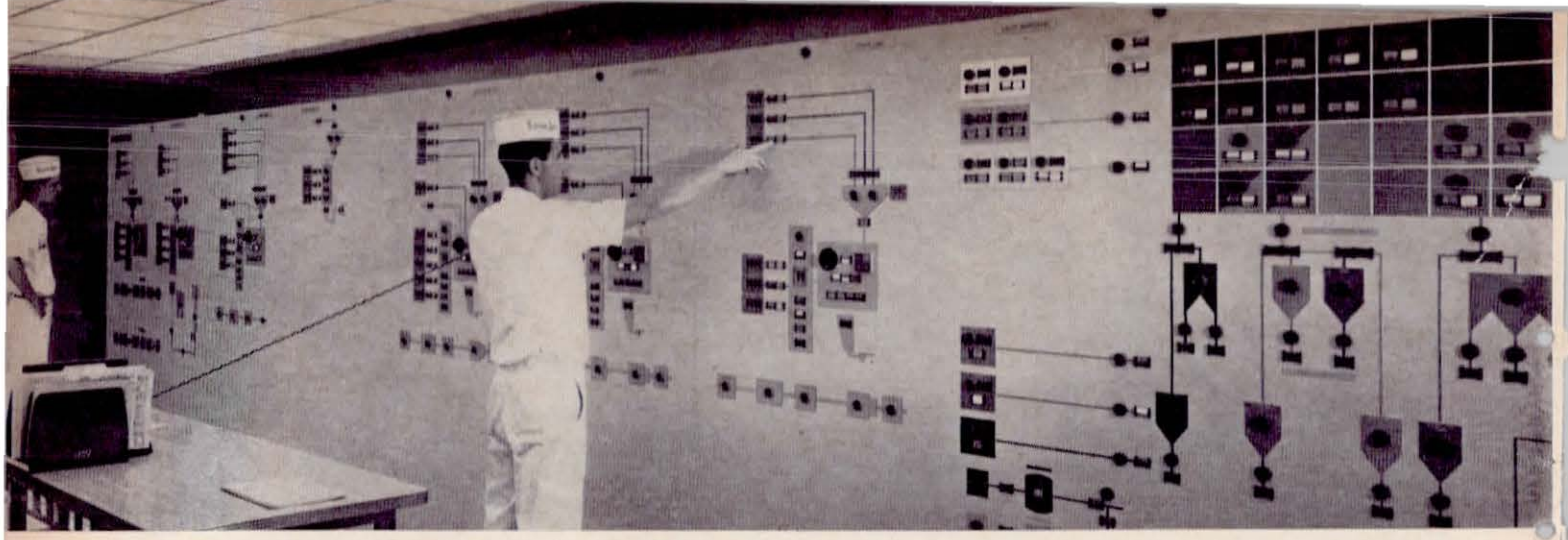

A MODERN WAY TO PLAY PATTY CAKE

Plant-wide bakery operations at Deerfield are controlled by a Honeywell 610 digital computer. It can monitor production, issue thousands of instructions as it directs automatic processing of orders from the freezer.

freezer is entirely controlled by the computer. Products are handled on a first-in-first-out basis.

● **Orders by computer.** An order from a customer or for a Sara Lee distribution center or warehouse is programmed into the central computer after being fitted into the firm's tight loading schedules by the traffic department. Railcars or trucks are scheduled for specific hours and spots for loading. As the time for the appointed loading approaches, the stacking cranes in the holding freezer begin hunting for the items needed to fill the order. As pallets are assembled by the cranes they begin flowing out of the freezer toward the loading docks. When reefer or truck is at the appointed spot at the appointed time, the entire order loaded on pallets is waiting on conveyors opposite the spot. Fork-lift truck operators load shipments swiftly, taking the cakes from the pallets—leaving pallets captive in the system.

From the moment when a covered hopper of flour was pumped into a Sara Lee storage bin at the opposite end of the plant to the moment when a seal is placed on the door of the truck or reefer with an outbound load of Sara Lee cakes, quality control has been complete.

● **Rail outbound share growing.** Railroad men particularly are involved and fascinated by the Sara Lee distribution system as the firm expands and refines its national markets. When the Deerfield facility was completed in 1964, only a nominal car-spot for outbound shipments was provided for. Says Ed Weisskopf, traffic manager: "It may have been the only oversight made when they built our plant—but you can't fault them for it. Who could have imagined the equipment-rate-service combinations the railroads were coming up with?

"We formerly depended almost exclusively on trucks for our outbound shipments. We still ship a large amount by highway—but rail tonnage is on the increase. Our current outbound shipments take about 400 cars per year. We were up in rail tonnage outbound by more than 25% in 1966. We're also shipping several hundred cars annually by piggyback. That's growing, too. They go Plan 2 and Plan 2½."

What's ahead for Sara Lee's traffic mix? Weisskopf echoes the concern for quality that one encounters everywhere at Sara Lee: "We seek optimum patterns and services for distribution of our products. We do not compromise in the environmental or service aspects of our distribution anymore than we would think of compromising the quality of our products. The carriers, by and large, do a good job for us—even though our requirements keep rising steadily.

"The railroads have been fitting themselves into the thin margins we have in distant markets. Equipment has been forthcoming to handle our products in proper environmental transport." Weisskopf examines distribution alternatives with one eye fixed on his firm's policy decision against productive decentralization ("Such decentralization of production facilities would make quality-control difficult," notes Winton), and the other eye fixed analytically on the cost of maintaining Sara Lee cakes in more and more supermarket freezers farther and farther from Deerfield, Ill.

● **Warehousing is key.** A main pressure behind the rise in the percentage of rail tonnage from Sara Lee's output is the decision to serve national markets from a central plant and from regional distribution centers in Boston and Los Angeles, as well as from 50-or-so public warehouses. "Our distribution to public warehouses—some of which stock our entire product line—enables us to use warehouse pool drayage to local customers. The bulk of our rail tonnage is to such points. It is an economic approach to servicing distant markets — so long as the margins achieved with volume shipments are great enough to offset warehousing and drayage costs at the distribution end. We are now, in fact, busy doing our homework and arithmetic to see what anticipated highway carriage increases will do to our margins at those points where we ship by truck."

● **New points plotted.** Weisskopf and the traffic department at Sara Lee, in fact, are constantly evaluating overall distribution expense entailed in serving markets across the country. Marginal variables such as warehousing, drayage and carrier rates are not the only factors involved.

Kenneth Harris, Sara Lee vice president, marketing services, notes "Though our growth in recent years has more than doubled we feel the increase in time to come will be even sharper. Competition has mounted from other frozen cakes. They offer alternate choice, but they are not at the finest quality, all-butter level of Sara Lee cakes. There are products that suggest they are that, but we feel we have no competition for our quality of cake."

But Weisskopf feels that rising sales mean even more Sara Lee cake may get ridden out of town on a rail in the future. Sara Lee's marketing and distribution executives are carefully studying the possibilities for expanding their total distribution centers in the South, Southeast and in the fast-growing Southwest. "Present trends toward carload distribution of our products to full-product distribution points could increase rail traffic because of the very nature of the volume needed to sustain

STACKING CAKES IN THE FREEZER

Computer-operated cranes in the holding freezer handle inventory for shipments. The cranes store pallet-loads of cake automatically and retrieve them on command. The setup is the nerve-center of Sara Lee's materials handling system.

such installations. There are a few advantages to rail carriage that go a long way toward offsetting the disadvantages," notes Weisskopf.

"The stretch-out of time is not so important once you've committed yourself to a system of full-product distribution points and they are fully stocked. Warehouse freezer technology is advanced and can efficiently handle railcar consignments—which tend to equal about 2.5 truckloads each. Our cost-per-case at the warehouse is the significant pivot for such decisions—and if it's low enough to allow us an economic absorption of warehousing and drayage costs incurred before the product gets to our customers, we're apt to be able to work with the slightly higher inventory costs of such arrangements. Again, our concern is first, last and always the quality of service and the predictability of environment and control that we have to have for our products."

● **Other advantages important.** Weisskopf notes that there are other advantages to railcar handling for Sara Lee's national distribution. Claims, for example, are lower than they are for comparable volumes of products carried by other modes. "We seldom, if ever, have temperature trouble with the new high-cube mechanical reefers— especially the equipment Santa Fe has been furnishing us for our West Coast traffic. But, perhaps more importantly, a railcar can run a product's temperature down after loading. You can put a product in a railcar a few degrees warmer than it ought to be—though we don't have that problem because our holding freezer and loading areas are carefuly controlled—and have it down to the proper temperature at destination. It's comforting to have that reserve of environmental capacity in carrier equipment."

Director of Materials Control Winton makes the additional point that Sara Lee distribution must have the quality justified by its own products. "We reached the point five years ago when we had to determine whether or not we would build an East Coast plant. We came out with a little plus on dollars for such a move—but a host of questions about maintaining quality. We would have to utilize two separate sources for our input ingredients. A big thing in food products today is predictable uniformity. Sara Lee's business has been built squarely on predictably high quality and uniformity."

"Five years ago, rail service, equipment and rates did not favor Sara Lee," notes Weisskopf. "We still think it takes too long to get through the Chicago switching district. But we have expanded faster than we thought we were going to and there has been a change. There has been a creative process going with rail rates and service as we petitioned for rates from Deerfield. Transportation is one of the costs that are as important to the distribution of our product as the price of the butter we use."

And price, says Harris, is the essence of the Sara Lee success story: "In spite of rising costs for all the fine-quality ingredients we've used over the years, Sara Lee has held the price line.

"If we had not achieved remarkable internal efficiency with new production techniques the cake costing 79 cents today—as it did in 1950—would cost at least $1.29."

"Distant points are best served by our own distribution centers. Boston is not far enough away to be justified on purely economic grounds—but service is the key there," says Weisskopf. "The radius at which such facilities can be justified is established as a vector of carrier service and rates. If the market is far enough away and the rates are low enough, warehousing works. But rates and service are the essence of the matter.

"Railroads, with their high-cube cars and their mechanical reefer equipment have been able to dove-tail into our distribution patterns very successfully the last few years. Of course, so have highway carriers. Rail service has been quite improved, quite matching the great advances that have been made in equipment and charges. We feel that the kind of cooperative, creative response to our distribution needs is going to continue—with benefits to Sara Lee, the carriers and our customers."

Perhaps the best indication of what is ahead in the matter is to be seen in the Deerfield plant's first major expansion (an addition of warehouse space) planned soon. Plans call for a double-track railcar loading facility. ■

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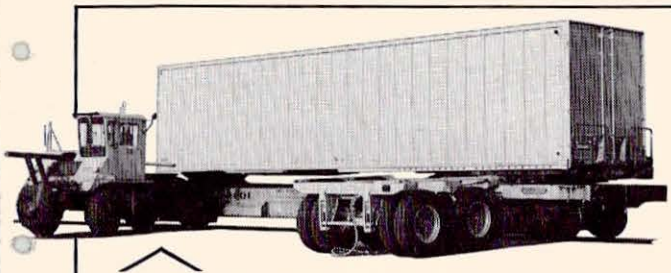

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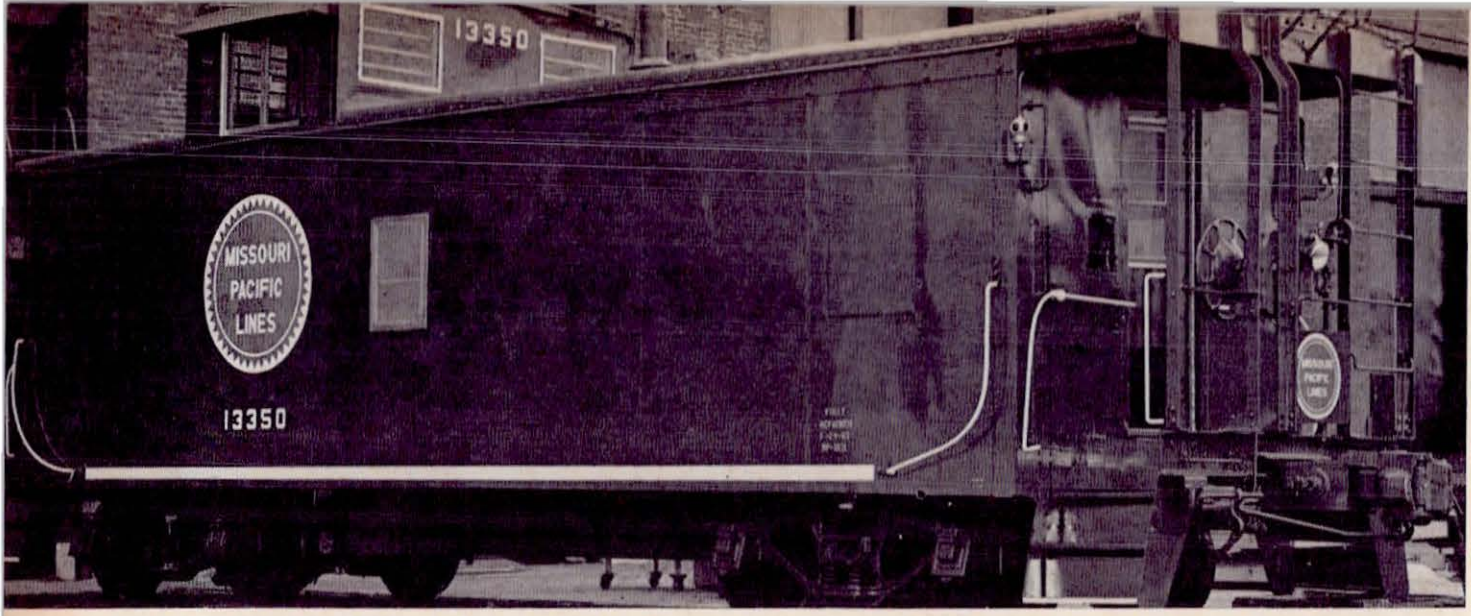
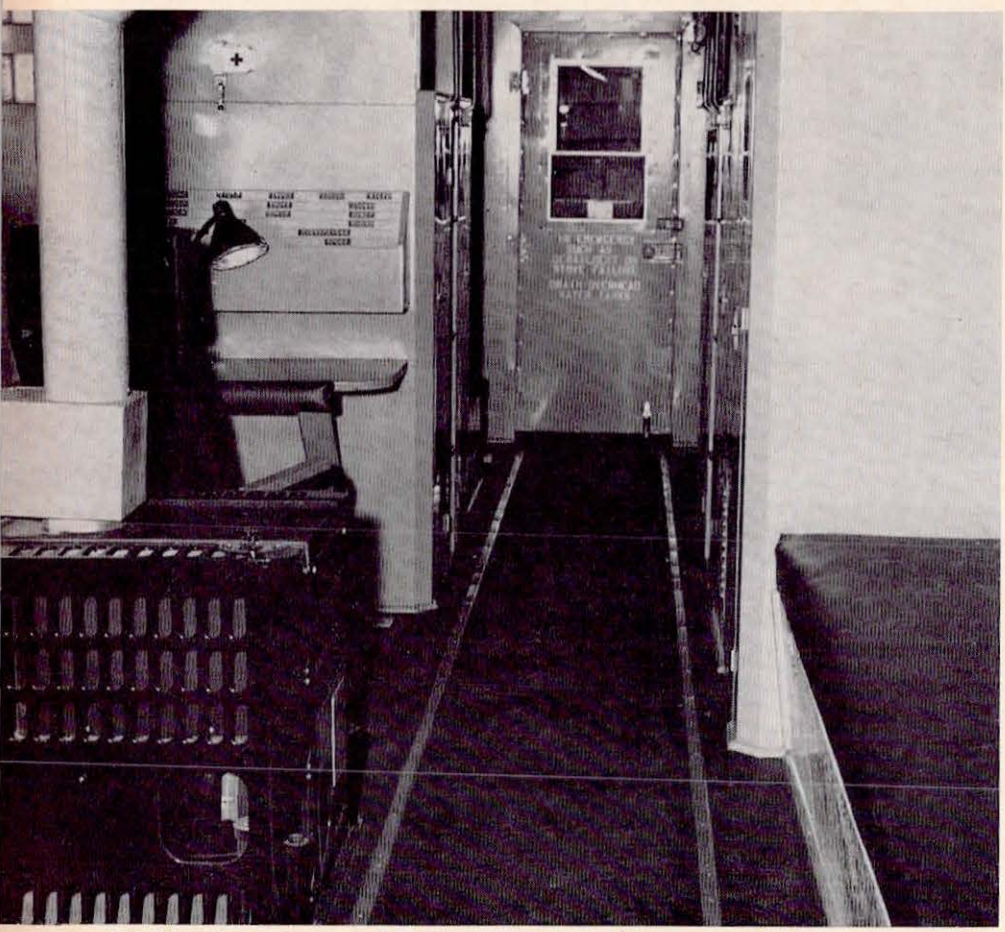


REFURBISHED EXTERIORS include spotlights on the platforms for track observation and back-up movements.

Rebuilt cabooses are better than when new

Ninety cars are being improved with new interior furnishings and sliding-sill installations to enhance train crew comfort.



OIL HEATER and new water system are among features of the cars. Improved electrical system with additional lights made it possible to reduce number of windows.

"Nice enough to make a man leave home" is how the Missouri Pacific describes its newly modernized cabooses. The units are currently being turned out of the road's Sedalia, Mo., car shops at a rate of ten per month.

Features of the new-style cabooses include: all-weather sliding metal window and door sashes; a 200-gallon stainless steel water tank and sanitary water cooler; Caban oil heaters instead of coal stoves; stainless steel lavatory and flush-type toilets; three steel ice boxes and an all-steel cupola. Other additions include a new radio set, more exterior marker lights and a spotlight for track observation and back-up movements.

- **Cushion underframe.** A key feature is the application of the Waugh underframe conversion for caboose cars. The moving center sill utilizes Waughmatt buff units at each end, and a snubber and spring assembly between bolsters. The unit develops 22,500 foot-pounds capacity with a sill travel of 10½ inches in either direction.

The old caboose interiors were completely stripped. New paneling and a linoleum floor with skid-proof center strip were applied. All worn or corroded exterior steel plates were replaced. The car trucks were completely overhauled.

- **Better interior lighting.** Each new caboose has 1,500 feet of electric wiring, three times more than in the old cars. Window areas are reduced because of the improved and expanded interior lighting. Lever controls make the step-over seats in the cupola face in either direction. Protective padding at either end of the cupola protects the rider in case of sudden stops.

The modernization program began last year. By the end of July, MoPac will have completed renovation of 90 cabooses on an assembly line basis at Sedalia. ■

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Railways recapture Florida citrus

Piggyback and reduced rates are main elements in fight to get business from trucks.

GROWING RAIL SHARE of Florida citrus traffic is attributed largely to the excellent

Railroads, with piggyback, have won back a lot of Florida citrus fruit traffic. Better than any statistics to prove the point is the fact that many truck brokers and truck way stations have gone out of business. There's further proof in the increasingly frequent sight of long trains of Fruit Growers Express trailers moving north—and moving fast.

Railroad recovery of a large share of this business is all the more remarkable because trucks handling citrus are in the agricultural category, and hence are almost entirely free from regulation.

● **TOFC makes the difference.** For a time, railroads apparently believed the handicap was too great to overcome. It's the ability to handle citrus under the flexible piggyback system that has made all the difference.

Citrus now moves north by rail from Florida at what used to be passenger-train speeds; even streamliners may be put in the hole to let the TOFC hot-shots go by. This kind of service, plus reduced rates, has proved most attractive to shippers.

But merely publishing schedules and reducing rates, and then waiting for shippers to "come and get it" would have been a vain gesture. In Florida, today, things are handled differently.

● **Hard sell.** The days of the old "freight solicitors" have passed, so far as citrus traffic is concerned. Now, the railroad people who call on shippers have no doubt as to what they are—freight salesmen—or as to what they are supposed to do—get routing orders.

They have been taught how to explain to shippers just what the new service is; and to be able to tell the traffic manager just how he can save time and money by using the railroad. In short, they are "sellers" now—not solicitors. More important, they are "closers," a highly important item in any sales transaction that was all too frequently overlooked in selling railroad service in the past.

● **Statistics not fool-proof.** Statistics on citrus traffic become meaningful only when the nature of the business is understood. For example, during the 1956-57 shipping season, railroads handled 8,987 carloads of oranges, which dropped to 2,246 cars in 1965-66. The grapefruit total over the same years dropped from 10,235 cars to 2,494.

What the figures mean

The figures alone look bad. But they are subject to price- and weather-created variables in amount of fruit shipped, and to two other important qualifications:

(1) In 1956-57 no fresh fruit was shipped TOFC. During the 1965-66 season railroads handled 4,373 flat cars carrying trailers loaded with oranges; 3,603 with grapefruit.

(2) Percentage of fresh fruit shipped to total grown has dropped enormously, as more and more of it has been diverted to canning, freezing or concentrating plants.

What is actually happening is shown by the Seaboard Air Line's monthly report of TOFC traffic. This does not separate fruits from vegetables, but it does show that the number of TOFC cars loaded with these commodities has increased every year since inauguration of the service. The increase has taken place regardless of fluctuations in fresh vs. canned usage, total yield or price vagaries.

The report shows that 5,300 cars of fruits and vegetables were handled TOFC during 1966, compared with only 4,122 cars in 1965. The first two months of this year showed 1,461 cars, against 1,022 in the corresponding two months of last year.

Juice concentrate figures also indicate the rising trend of citrus moved by railroads serving Florida. The 3,058 cars handled in 1965 were far outdistanced by 4,764 in 1966—and the same trend is continuing this year.

Figures for the Atlantic Coast Line and the Florida East Coast show similar percentage increases.

● **Grows with distance.** Generally speaking, the greater the distance the citrus moves, the better chance the railways have to recapture it.

Railroads themselves admit quite frankly that trucks can supply faster service to states nearest Florida. To those destinations, traffic is still overwhelmingly all-highway. The rail increase has come almost entirely (more than 95%) on long hauls, where the so-called "advance service" can and does beat trucks. So the railroads are taking a leaf from the truckers' book. They don't waste time soliciting short-haul business. They stress the long hauls, where they have a distinct service advantage.

Statistics kept by the Growers & Shippers League of Florida show that the percentage of traffic rails are han-

service provided by TOFC operations.

How distance affects citrus moves

State Destination	Refrigerated Citrus Products	Canned Citrus Products
	Per cent moving by railroad	
Alabama	1.8	13.4
Florida	1.1	7.2
Georgia	2.8	43.4
Kentucky	34.6	65.8
Louisiana	4.8	30.0
Mississippi	0.0	41.9
North Carolina	24.8	37.1
South Carolina	0.8	18.5
Tennessee	25.8	39.5
Virginia	30.5	57.9

dling is matched closely by the distance involved—the greater the distance, the more rail traffic. The accompanying table shows the 1965-66 picture for southeastern states.

With some important exceptions, the same distance rule holds true of northern and western states. Surprisingly, more Florida citrus (50 million pounds in the 1965-66 season) is shipped fresh to California than to any other state except New York. Of this, 71.2% went by rail, 17% by truck and 11.8% by water. Canned citrus to California was definitely an all-rail movement; of 65 million pounds, rails handled 97%, trucks 2.9% and water only 0.1%.

Northern New Englanders apparently eat very little fresh citrus fruit. The combined total for Maine, New Hampshire and Vermont is considerably less than for the District of Columbia. Railroads apparently have not felt it economic to put on fast through trains to these distant destinations because of the small amount of traffic involved. Thus, more than 90% of fresh fruit shipments go by truck or water. Maine and New Hampshire do, however, consume comparatively large quantities of canned citrus. Railroads handled 61.6% of this to Maine and 70.9% to New Hampshire.

A large movement of fresh citrus goes to Massachusetts. About 88% of it is almost equally divided between rail and truck, with water getting the rest.

New York gets only 25.2% of its fresh citrus by rail, but neighboring New Jersey, the third largest consumer state for Florida fresh citrus, receives 73.8% by rail.

● **Middle West.** One hundred per cent of the small movement of fresh fruit to the Dakotas went by truck; and railroads handled only 1.1% of the fresh movement to Nebraska and 2.8% to Iowa. Wisconsin got only 16.9% of its fresh Florida citrus by rail.

In those states, however, the distance rule is countered by another factor. From farming, dairying and meat-packing states there is a substantial movement of perishables southbound. Refrigerator trucks can get loads both ways, and so have made special efforts to hang on to the business.

New rates and service

Railroads, of course, are equally desirous of obtaining trailer loads southbound, but until this season at least their rates and service to and from granger states were not such as to get much business. Now, however, to attract this lucrative traffic, railways have revised rates and service to many points in Western Trunk Line territory. This season's figures are beginning to show a different picture.

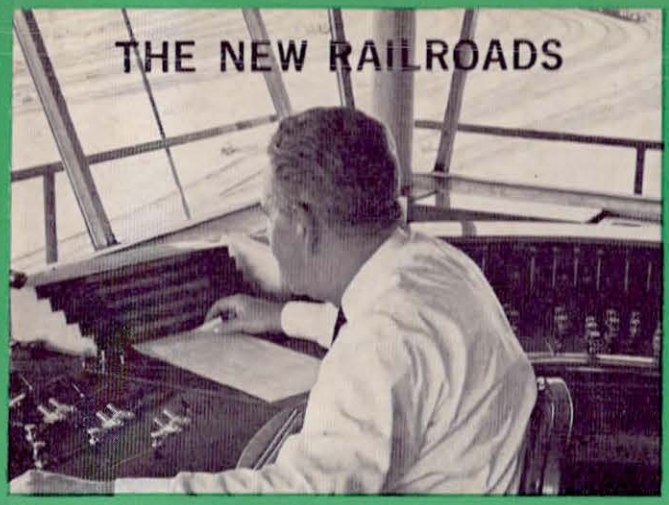
Canned citrus movements from Florida to Nebraska and Iowa had made a slightly better showing than those of fresh fruit, but railroads are still handling less than 20% in each instance. Here, too, the new service should bring better results. No figures are yet available, but educated guesses indicate that the railways will eventually get more prominently into the picture —including, of course, movement of southbound loads of perishables by piggyback.

● **Rates may go up.** Vagaries of the citrus business make the quoting of unduly low rates a chancy thing. As a matter of fact, railroads are even now seeking a rate increase on TOFC traffic. Big reason is that they feel they have not been able to "marry" trailers to the extent needed for profitable operation; they are hauling too many single-trailer cars. One purpose of the projected increase is to encourage shippers to supply trailers in even numbers, to avoid the difficulty of matching up odd trailers as to destinations.

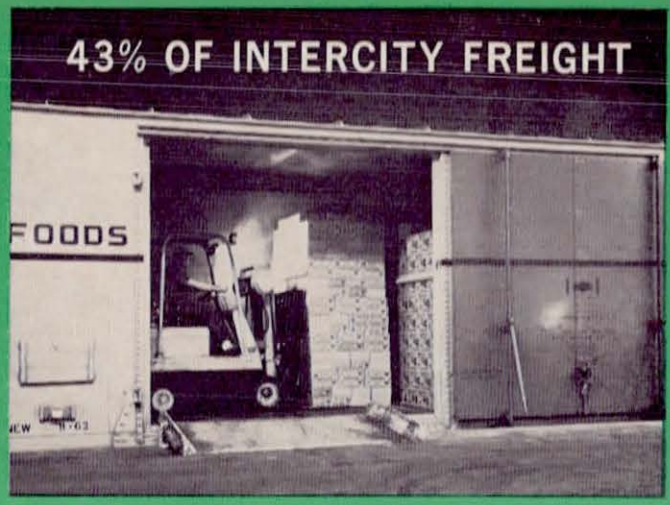
Half a dozen traffic managers of some of the bigger citrus shippers interviewed on the question expressed themselves (somewhat ruefully) as willing to take an increase of up to about 10%. But many added that they would like certain offsetting concessions, such as the loading of mixed cars from different packing houses to common receivers at no extra charge.

Not all problems involved in piggybacking citrus fruit have been wholly solved. But the railroads primarily concerned appear confident that the taste of better-than-truck which they have already given shippers means that the swing back to rails will continue. If it does, it will represent a distinct triumph for railroad sales, service and ingenuity.

Nowhere else, probably, have the odds against recovering business from unregulated trucks been so high as in the citrus movement. ■



The big picture: 212,000 miles of rail physically and economically link more than 45,000 U.S. communities.



Railroads have used new marketing techniques and customerized services to snare 43% of intercity freight.

RPI puts the show on the road

The pictures you see on these pages will soon be flashing on screens all over the country. They are part of a road show, put together by the Railway Progress Institute, that will tour major U. S. cities. It is designed to drive home a single point:

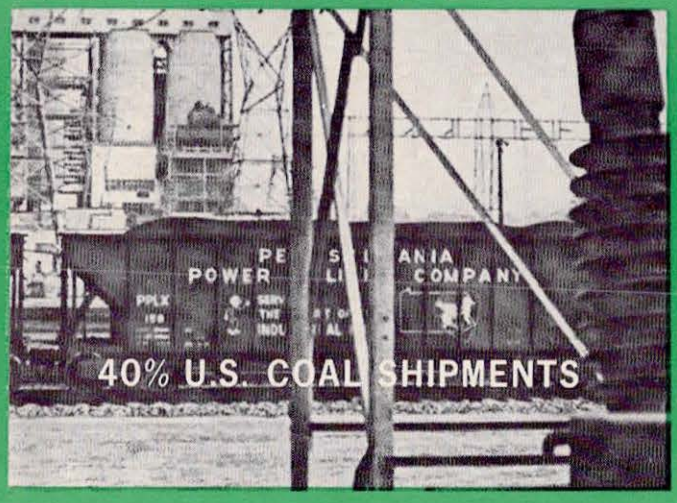
Railroads are more efficient than ever—and they're here to stay.

RPI's 25 minute slide presentation dramatizes the story of "The Railroads." It includes a fast-moving commentary delivered by one of the Institute's officers—Chairman W. Ashley Gray, Jr. (who is also president of General Steel Industries), President Nils Lennartson, or others.

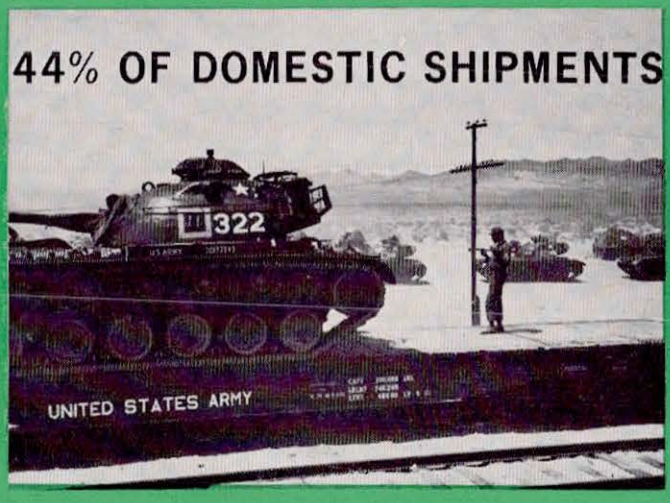
Preview showings have already been held in Washington and New York; both showings were smash hits.

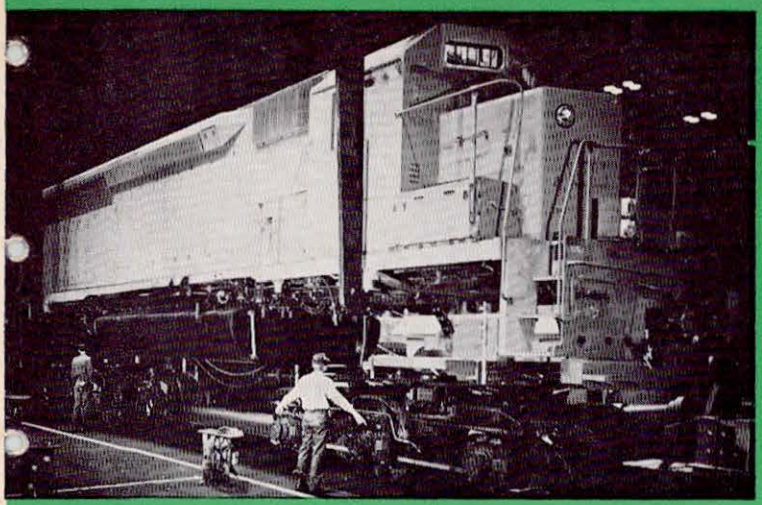
The first showing was before 18 railroad presidents in Washington—mem-

Unit trains: Technological wonders that carry 40% of U.S. coal shipments, save utilities $50 million yearly.

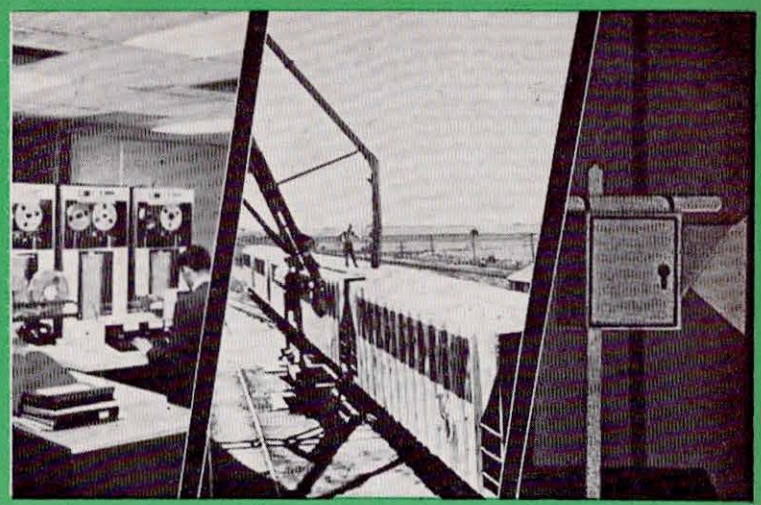


An arm of national defense, the railroads carry 44% of Department of Defense domestic shipments.





It takes strong locomotives to carry the freight, and the railroads have a strong stable available.



Billions of dollars invested in new electronics technology has one prime purpose: Help the shipper.

bers of the board of directors of the Association of American Railroads. They applauded the objective of the suppliers (i.e., to help make the public image of railroads as up-to-date as the railroads themselves)—and they liked the vehicle the RPI had chosen.

One of them—New York Central President Alfred E. Perlman—was so impressed that he invited RPI to stage a preview in New York. This time the guest critics were members of the Eastern Railroad Presidents Conference and the chairman of ERPC Community Relations Committees.

They, too, were enthusiastic—and all indicated their desire to bring the show to their respective communities.

The show is now ready to hit the road. The first general presentation will be made in Chicago on April 27. RPI members in the Midwest will be host to some 150 shippers, traffic managers, railroad officers, and civic and business leaders at a luncheon at the Continental Plaza Hotel. Invited, as well, will be suppliers who are not members of the RPI. (A secondary objective of the presentation is to strengthen the suppliers' organization by showing nonmembers what such an organization can do to promote the common good of the manufacturers and their customers.) Frank L. Bredimus, president of the Transportation Equipment Division of Symington-Wayne Corp., will be chairman of the Chicago luncheon.

A second showing is booked for Pittsburgh on May 4, at the Duquesne Club. The sponsoring group will be the local Railroad Community Relations Committee, headed by Curtis Buford, president of the Pittsburgh & Lake Erie. Luncheon chairman for RPI will be W. Lyle Richeson, vice president of the Westinghouse Air Brake Co.

The show will move to the West Coast May 31 for a stand at the Bohemian Club in San Francisco.

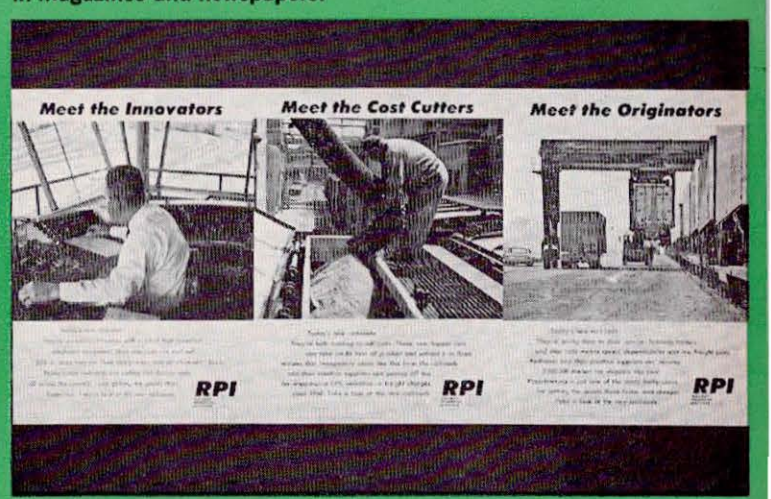
Further showings will be announced. The presentation will be updated—with new slides and fresh commentary—to keep pace with developments. Inquiries about bookings should be addressed to RPI President Nils Lennartson.

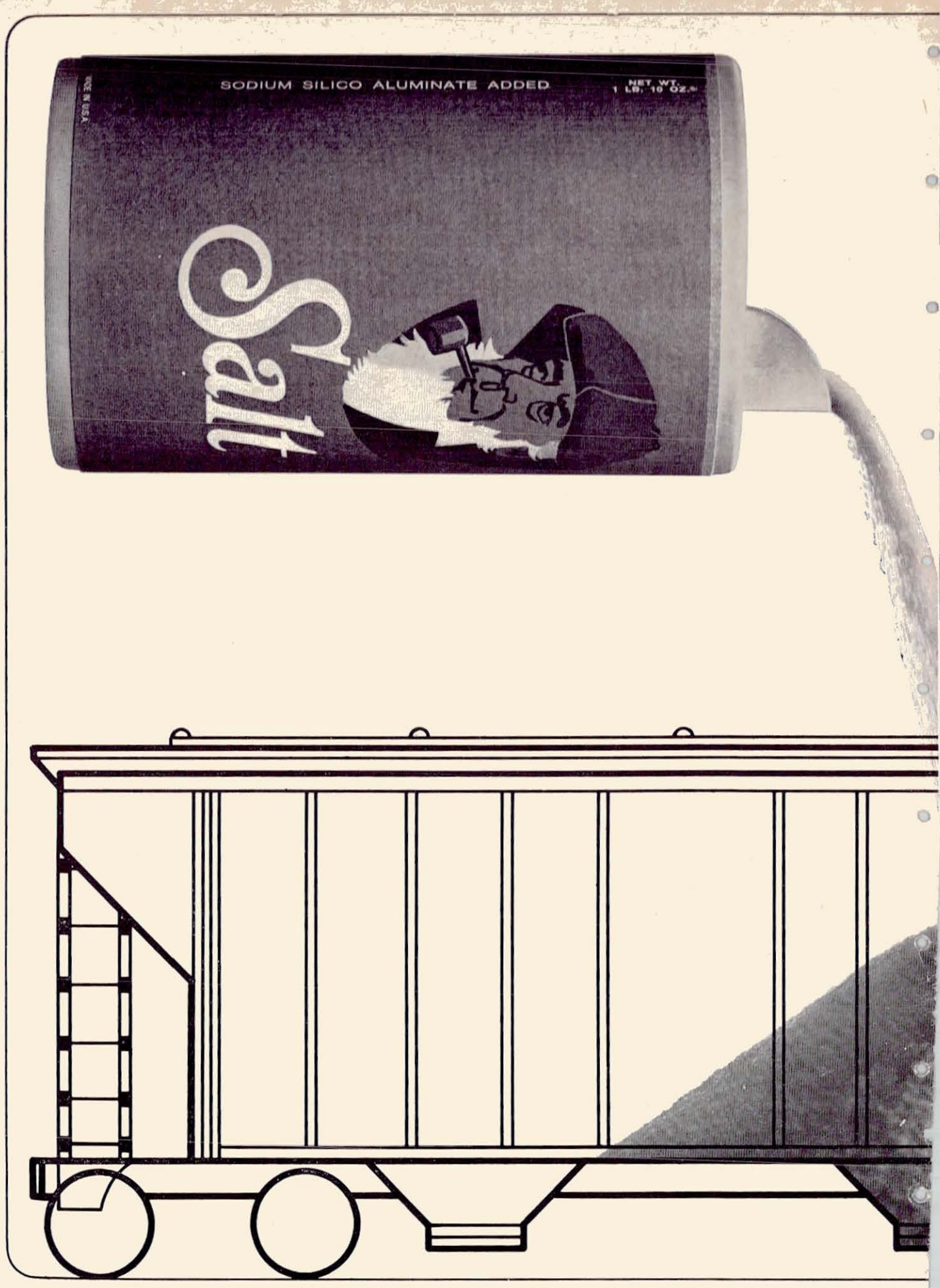
RPI's road show is part of a broad ranging industry-image-building program announced by RPI Chairman Gray as he assumed leadership of the Institute late last year. At that time Gray commented:

"It has been said that ideas about railroads haven't changed as fast as the railroads themselves. We think there is a wonderful story to tell—and we are going to help tell it." ■

While the cost of living jumped 14% in the past eight years, railroad freight charges dropped 15%.

To tell the railroad story, RPI is running a series of full-color ads in magazines and newspapers.




SODIUM SILICO ALUMINATE ADDED
NET WT.
1 LB. 10 OZ.
Salt

Any hopper worth its salt is worth Alcoa Aluminum

MoPac is using 200, 100-ton-capacity, covered hopper cars made of Alcoa® Aluminum to move salt over its Texas & Pacific line. They are one of several carriers choosing aluminum for this purpose.

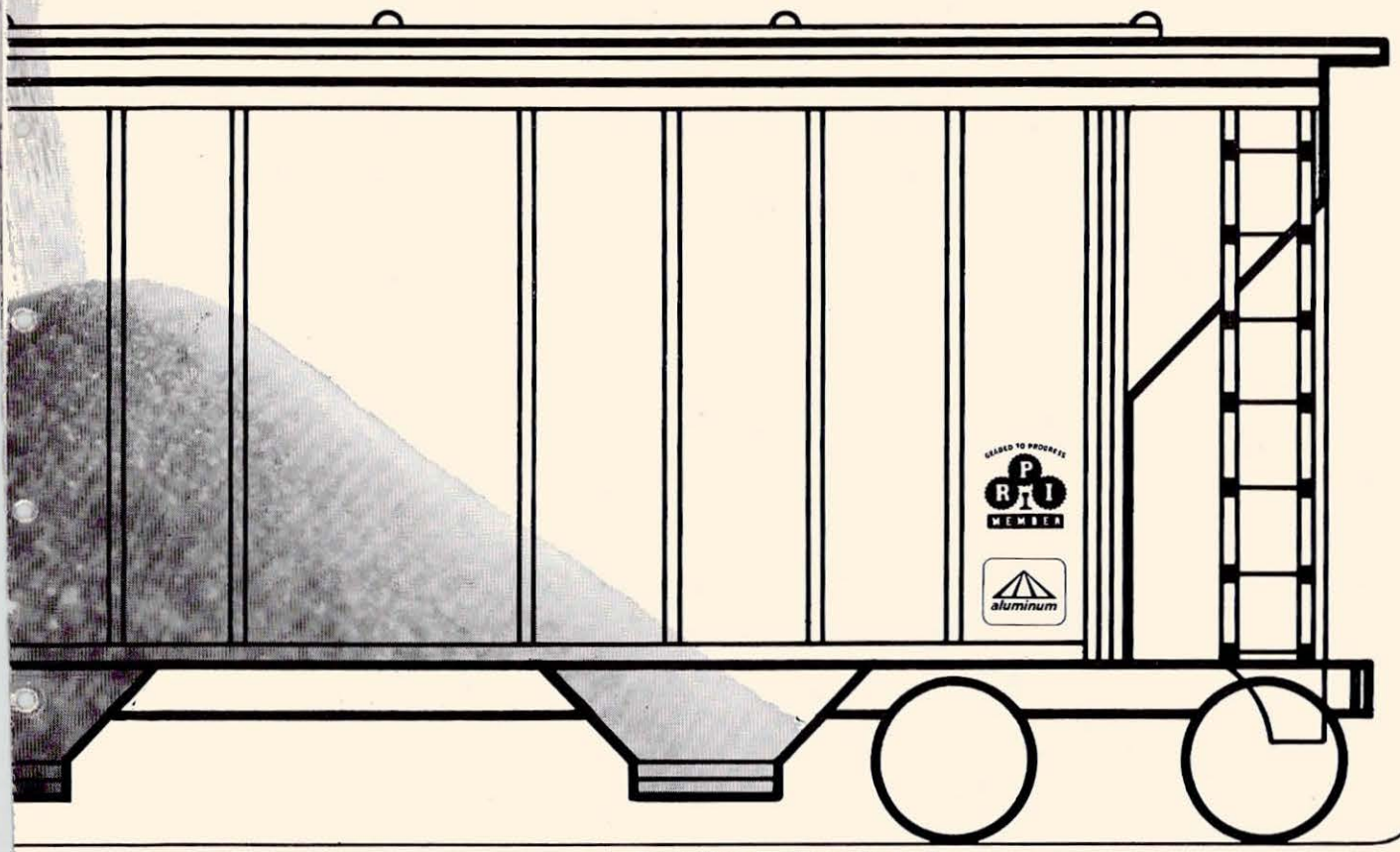
MoPac asked Magor to build the cars of aluminum, because it stands up to salt without corroding or pitting. Salt will pepper ordinary metals—so shipping by the conventional hopper car demands a $900 plastic liner, which has to be replaced periodically. Adds up to quite an expense.

MoPac uses the same cars to haul grain. MoPac can do this because aluminum is inert and won't affect the flavor of foodstuffs. (Now you know why frozen dinners are packed, shipped, stored, displayed, cooked and served in aluminum containers.)

If shipping food is your business, or if you handle cargoes that aren't compatible with ordinary metals, may we whet your appetite for aluminum? Simply write Aluminum Company of America, 1690-D Alcoa Building, Pittsburgh, Pa. 15219.

Change for the better with Alcoa Aluminum

ALCOA



Circle 20 on reader service card

PEOPLE IN THE NEWS

AKRON, CANTON & YOUNGSTOWN.—**A. Polinger** appointed supervisor car department Akron, Ohio, succeeding **O. E. McClelland** resigned.

Thomas R. Dimmitt, district sales manager, Dallas, Tex., appointed regional manager—sales there, succeeding **Cloud C. Proctor,** retired after 50 years of railroad service. Mr. Proctor had been located in Kansas City and that office will continue to function until further notice.

ASSOCIATION OF AMERICAN RAILROADS.—**Albert V. Mannery** appointed San Francisco district manager, Car Service Division, succeeding **George D. Davis,** who retired March 31, after more than 50 years of railroad service. **William C. Anderson,** AAR car service agent, promoted to district manager, Minneapolis, succeeding Mr. Mannery.

ATLANTIC COAST LINE.—**R. C. McLemore,** general freight traffic manager, Jacksonville, Fla., retires April 5, after more than 47 years with the ACL. **J. P. Taylor, Jr.,** assistant freight traffic manager, Jacksonville, appointed manager—sales and service there.

BALTIMORE & OHIO.—**Roland E. Poore,** executive assistant, merchandise freight sales department, Baltimore, appointed regional sales manager, Southwest Region, Cincinnati, Ohio, succeeding **Herald S. Smith,** retired. **Edward J. Lemieux,** manager—special equipment, product development bureau, succeeds Mr. Poore.

Roland E. Poore
B&O

Edward J. Lemieux
B&O

BANGOR & AROOSTOOK.—**Liston F. Lewis,** assistant director of personnel and assistant manager of purchases and stores, Derby, Me., appointed manager of personnel, Bangor, succeeding **Carl E. Delano,** named assistant to the president of the road's parent company, Bangor Punta Corp. Mr. Delano succeeds **Russell Peters,** retired. **Harold R. Mountain,** tax accountant, Bangor Punta Corp., named assistant manager of purchases and stores of the road, at Derby. **Alvin W. DeLong,** operator, transportation department, named special agent at Northern Maine Junction.

BURLINGTON.—**George F. Defiel** named director of the newly created Industrial Development and Real Estate Department. Also named to positions in the department are **L. Glenn Key,** general manager-real estate; **Jean C. Weiland,** general manager-industrial development; **Ralph G. Schelling,** assistant general manager-industrial development and real estate.

Forester J. DuSell, assistant superintendent in charge of commuter train operations, advanced to assistant to the general manager-staff.

CANADIAN NATIONAL.—**T. R. Sprackett,** design engineer, appointed assistant signal engineer, Great Lakes Region, Toronto.

R. V. Doty, industrial development officer, Toronto Area, appointed to the new position of assistant manager industrial development, Great Lakes Region, Toronto. Abolished position of assistant to manager industrial development.

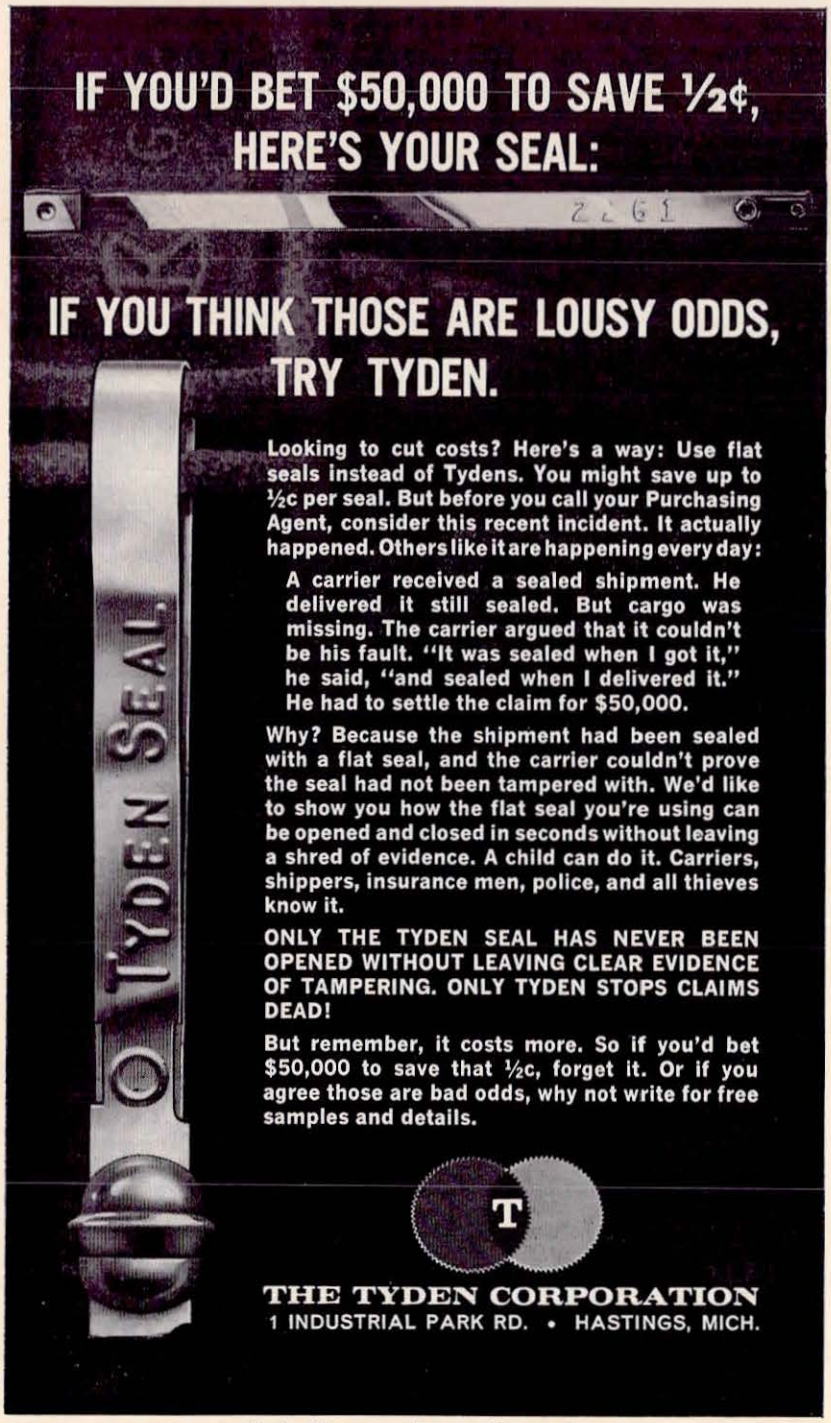
The titles of general claims agent and assistant general claims agent have been abolished. **F. W. Smith** appointed manager, general claims. **H. Beardsworth** and **S. R. Walker** named assistant managers, general claims.

CHESAPEAKE & OHIO.—**David A. Seibert,** sales representative, Miami, Fla., appointed district sales manager, Cincinnati, Ohio, succeeding **L. C. Weis,** retired.

CHESAPEAKE & OHIO—BALTIMORE & OHIO.—**D. E. Faris** appointed superintendent, St. Louis Division, Washington, Ind., succeeding **H. O. McAbee, Jr.,** who replaces Mr. Faris as assistant to general manager, Central Region, Pittsburgh, Pa. **R. J. Picklesimer** appointed general agent, Lynchburg, Va., succeeding **M. B. Cater,** retired.

Donald M. Powell appointed sales representative, C&O, Richmond, Va.

CHICAGO & NORTH WESTERN.—**E. A. Burkhardt** named assistant to the general manager, Chicago. **L. A. Robertson,** trainmaster,


IF YOU'D BET $50,000 TO SAVE ½¢, HERE'S YOUR SEAL:
IF YOU THINK THOSE ARE LOUSY ODDS, TRY TYDEN.
Looking to cut costs? Here's a way: Use flat seals instead of Tydens. You might save up to ½c per seal. But before you call your Purchasing Agent, consider this recent incident. It actually happened. Others like it are happening every day:
A carrier received a sealed shipment. He delivered it still sealed. But cargo was missing. The carrier argued that it couldn't be his fault. "It was sealed when I got it," he said, "and sealed when I delivered it." He had to settle the claim for $50,000.
Why? Because the shipment had been sealed with a flat seal, and the carrier couldn't prove the seal had not been tampered with. We'd like to show you how the flat seal you're using can be opened and closed in seconds without leaving a shred of evidence. A child can do it. Carriers, shippers, insurance men, police, and all thieves know it.
ONLY THE TYDEN SEAL HAS NEVER BEEN OPENED WITHOUT LEAVING CLEAR EVIDENCE OF TAMPERING. ONLY TYDEN STOPS CLAIMS DEAD!
But remember, it costs more. So if you'd bet $50,000 to save that ½c, forget it. Or if you agree those are bad odds, why not write for free samples and details.
TYDEN SEAL
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THE TYDEN CORPORATION
1 INDUSTRIAL PARK RD. • HASTINGS, MICH.
Circle 24 on reader service card

George F. Defiel
Burlington

Bruce L. Miller
GTW

Lake Shore division, North Fond du Lac, Wis., advanced to superintendent, Nebraska division, Norfolk, Neb., succeeding **W. G. Kranz,** named terminal manager, Chicago Terminal, Proviso, Ill. Mr. Kranz succeeds **D. R. Freyer,** appointed manager of schedules and blocking, Chicago. **M. E. Sheridan** replaces Mr. Robertson.

J. L. Samples and **F. J. Santore** named assistant superintendents, Chicago Freight Terminal, Proviso, Ill.

COTTON BELT.—Adrien R. Burnett, assistant general freight agent, Tyler, Tex., retired March 31, after 48 years service.

DENVER & RIO GRANDE WESTERN.—*At San Francisco, Calif.:* **George A. Cronin,** district freight agent, retired March 1; **Kenneth R. Jennings** appointed district freight and passenger agent, succeeding **Gilman C. Rogers,** named trailer-on-flat-car representative; **Joseph W. Barge** appointed general agent. **Alder R. Fjeldsted** appointed district freight and passenger agent, Salt Lake City, Utah, succeeding **Edward J. Roth,** who succeeds Mr. Barge as district freight and passenger agent, Reno, Nevada.

DETROIT, TOLEDO & IRONTON.—James V. Fox appointed industrial agent—Ohio, a newly created position at 5800 Monroe Street, Sylvania, Ohio 43560.

GENESEE & WYOMING.—R. C. Wall, superintendent of equipment, Retsof, N.Y., has retired for reasons of health, but will be retained as a consultant until June 1. **Irvin Michael Filler,** assistant trainmaster—motive power foreman, has assumed the duties formerly handled by Mr. Wall.

GRAND TRUNK WESTERN.—Harry M. Robertson named general agent for northern Illinois and northwestern Indiana, with headquarters at Chicago. Mr. Robertson, who was formerly freight rates officer, Chicago, succeeds **Leonard M. Taylor,** retired.

Bruce L. Miller, superintendent of transportation, appointed assistant to the vice president and general manager, succeeding **R. C. Gibson,** retired.

ILLINOIS CENTRAL.—Robert E. Dobroth appointed to the newly established position of assistant to vice president real estate. He was formerly area supervisor-real estate, **Chicago & North Western.**

John D. Morrison named general attorney. He was previously associated with the law firm of **Badgley, Domke, Morrison, McVicker & Marcoux,** Jackson, Mich.

Robert B. Waldner appointed director of service evaluation. He was formerly operations research analyst in general transportation research, **Melpar, Inc.**

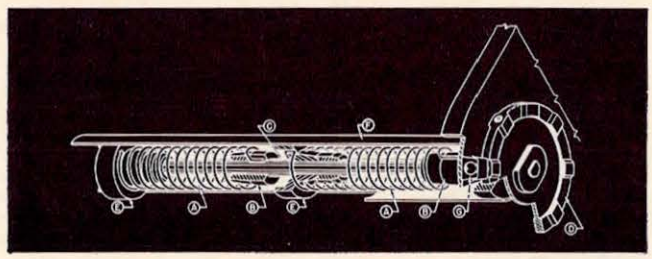
Roy F. Garrison, district traffic agent, Fresno, Calif., named general agent,

What's Under The Hood Is Important. Like an automobile, the power plant of a rolling door is under the hood — out-of-sight. And, likewise, its proven design and performance is equally essential to efficient, uninterrupted door service. It's for this reason that the ingenious design of Kinnear counterbalance mechanism — coupled with a policy of "quality-regardless-of-cost" — is one explanation for Kinnear Rolling Doors having enjoyed such a universal preference for the past 70 years.

Engineered with reserve spring capacity and provision for easy, accessible adjustment,

Kinnear Counterbalance

insures more years of efficient rolling door operation.

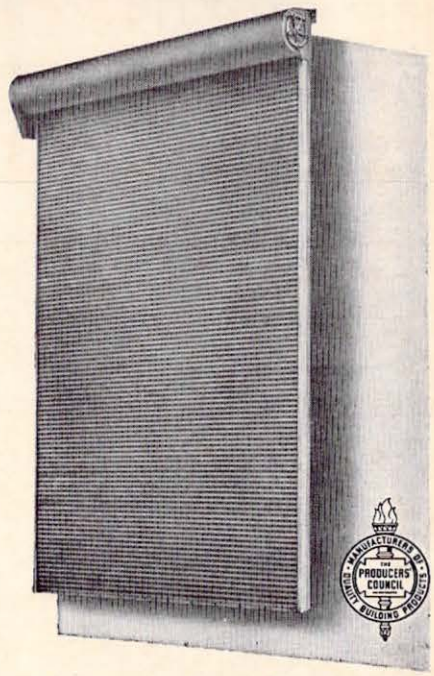


The design of the Kinnear counterbalance mechanism — just one of Kinnear's many quality features — employs a unique method of spring adjustment, coupled with a reserve-power spring assembly. One that's readily accessible and simple to make — and one that can be readily repaired on the job anytime in case of accidental damage.

As diagramed above, one end of each spring (A) is fitted with a cast plug device (B) and attached directly to a single tension rod (C). The end of this tension rod has an adjusting wheel (D) accessibly located on the exterior of the door bracket. The other end of each spring is fitted with a cast plug device (E) that is anchored to the spring barrel (F). Thus, one end of each spring is attached to the same barrel and the other to the same tension rod.

With the curtain coiled, the required initial tension can be applied by turning the adjusting wheel properly and securing it to the bracket (G). When the adjusting wheel is turned, it turns one end of each spring in the same direction, thus applying the same torque simultaneously and uniformly to all springs.

With this arrangement — plus Kinnear's extra reserve spring capacity — the counterbalance can be increased or decreased, easily without disassembly, whenever the need requires. This insures more years of better door operation — greater all-around efficiency — when you specify and install a Kinnear Rolling Door. And it's only one of several of Kinnear quality originals! Let us tell you about them and at the same time discuss your current door needs.



Also manufacturers of Power Operators, Automatic Rolling Fire Doors and Shutters, Rolling Grilles, Rolling Counter Shutters and Overhead Type Wood or Metal Doors.

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Saving Ways in Doorways Since 1895

Offices & Representatives in All Principal Cities — listed in Yellow Pages under "Doors." Also see Sweet's!

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Great Northern's fast power moves your freight TWIN CITIES to SEATTLE in 3 days

GREAT NORTHERN RAILWAY

Circle 26 on reader service card

Robert E. Dobroth
IC

Robert B. Waldner
IC

Spokane, succeeding the late **Edward J. Murphy. Robert L. Costello** succeeds Mr. Garrison.

ILLINOIS TERMINAL.—**Everett J. Sullivan, Jr.,** appointed trainmaster at Decatur, Ill., succeeding **Robert D. Bolen,** trainmaster—agent, who retired March 31, after 40 years with the IT. **Jerry K. McBroom** appointed general agent, Decatur, succeeding **Arthur L. Mohrman,** assistant general freight agent, who retired April 8, after 42 years of service.

JACKSONVILLE TERMINAL.—**W. Travis Murden** appointed purchasing agent—storekeeper, with supervision over the stores department, Jacksonville, Fla.

KANSAS CITY SOUTHERN.—**Raymond W. DeLay,** assistant general freight agent, retired Mar. 31 after 49 years of service.

MAINE CENTRAL.—**George H. Ellis,** freight traffic manager, Portland, Me., appointed assistant vice president—marketing, heading the newly established marketing department which replaced the traffic department on April 1 (RA, March 27, p. 7). Immediately responsible to Mr. Ellis are: **Herman E. Buchheim,** director of sales (former sales manager); **John M. Shaw,** director of pricing; (former general freight agent—rates); and **George E. Phillips,** executive assistant (former assistant to freight traffic manager). Directly responsible to Mr. Buchheim are: **William J. Berry,** sales manager—industry markets (former assistant to sales manager); **Merton C. Olsen,** sales manager—regional markets (former assistant sales manager); and **Fred L. Harris,** office assistant to the director of sales (former traffic assistant—sales). Reporting directly to Mr. Shaw are: **Forest C. Ryder,** assistant director—pricing services (former traffic assistant—rates); **Alfred E. Goodwin,** publications supervisor; and **Edward E. Libby,** divisions analyst. Mr. Berry will supervise three market managers who will specialize in basic industries: **John L. Currier,** fuel, clay, chemical and piggyback; **Royden M. Cote,** grain, construction and metals; and **Donald P. Looby,** potato, food products and forest products. Mr. Olsen will direct the work of three regional managers—sales—service: **Richard T. Foley, Frank E. Curran** and **Raymond L. Spaulding. Frank W. Alger, Jr.,** manager of highway operations, will also be under Mr. Olsen's supervision.

Eric P. Smith appointed director of statistical studies and cost research, heading a new department that will provide an increased volume of cost data and traffic statistics to assist MeC sales and marketing functions. Mr. Smith will supervise the work of **William T. Brownell,** named manager of cost studies; **Merrill B. Stanley,** who succeeds Mr. Smith as chief statistician; and **John W. Dresser,** marketing analyst.

C. V. Lund
Milwaukee

John C. Ashton, Jr.
REA

Charles G. Rivers appointed manager of industrial development, real estate and taxation. Mr. Rivers will be assisted by **Robert A. Woodill,** real estate representative, who has been transferred from the engineering department.

MILWAUKEE.—**C. V. Lund,** assistant to the chief engineer, appointed assistant chief engineer-structures, Chicago.

MISSOURI PACIFIC—TEXAS & PACIFIC.—**K. R. Commander,** general agent, Philadelphia, transferred to Joplin, Mo., succeeding **Carl H. Herman,** who retired March 31 after 48 years with the MP.

NORFOLK & WESTERN.—**J. A. Tilton,** assistant engineer signals and communications, Roanoke, Va., named assistant regional engineer signals and communications, St. Louis, to succeed **R. N. Bartley,** retired.

S. D. Chandler appointed trainmaster, Chicago Terminal division, Calumet Yard, Ill., succeeding **B. M. Buffano,** resigned.

PENNSYLVANIA.—**E. Benjamin Boden,** mining engineer on the staff of the vice president—coal and ore traffic, Philadelphia, appointed to the new position of chief mining engineer.

REA EXPRESS.—**John C. Ashton, Jr.,** general counsel, elected vice president and general counsel, New York. Mr. Ashton was general attorney, **St. Louis-San Francisco,** St. Louis, before joining REA in April 1966.

READING.—**John M. Patterson** appointed general manager, **Reading Transportation Co.,** Philadelphia, and will manage it as an independent operation and coordinate its service with T.O.F.C. and air cargo operations. **C. C. Funk, Jr.,** general manager T.O.F.C. Service, will devote full time to development of T.O.F.C. sales and operations. Mr. Patterson formerly was a consultant with A. Duie Pyle, Inc., motor carriers.

Karl D. Matthews, public relations representative, appointed public relations manager.

SOUTHERN PACIFIC.—**H. F. Frank** appointed internal auditor, San Francisco, succeeding **R. C. Hollinger,** appointed assistant general auditor, with immediate supervision of accounts.

R. S. Higdon named district road foreman of engines, Houston.

SOUTHERN PACIFIC TRANSPORT CO.-SOUTHWESTERN TRANSPORTATION CO.—**J. W. Ethridge** named assistant to the president and general manager, Dallas.

UNION PACIFIC.—**C. D. Mayer,** assistant general auditor, Omaha, Neb., appointed senior assistant general auditor.

INDUSTRIAL TRAFFIC

John W. Croswell has been appointed general traffic manager, **Republic Steel Corp.**, Cleveland, succeeding **John R. Wall**, recently named director of personnel. **Hugh Tobin**, assistant traffic manager, promoted to assistant general traffic manager, succeeding Mr. Croswell.

Paul K. Smith has been appointed traffic manager, **Giant Portland Cement Co.**, Philadelphia, succeeding **S. T. Mackenzie, Jr.**, resigned.

Roy J. Ferro, assistant traffic manager, **Peabody Coal Co.**, St. Louis, has been appointed traffic manager there.

Paul L. Mills has been named director of distribution and **Evert N. Forsberg** has been appointed general traffic manager, **R. J. Reynolds Foods, Inc.**, New York. Mr. Mills was formerly general traffic manager, Penick & Ford, Limited, Cedar Rapids, Iowa. He will be filling a newly created position. Mr. Forsberg was formerly vice president in charge of traffic, Chun King Corp., Duluth, Minn.

Richard A. Trampe has been appointed supervisor of freight rates and service, **Krause Milling Co.**, Milwaukee, Wis.

E. C. Mattison has been appointed supervisor of traffic services, **Westinghouse Electric Corp.**, Pittsburgh, succeeding **R. J. Bernard**, transferred to the Distribution Services Division. **J. E. Field** has been named operations manager of Westinghouse Corporate Trucking, Irwin, Pa., succeeding Mr. Mattison.

V. E. Gadrix, staff assistant, Headquarters Traffic & Transportation, Pittsburgh, has been appointed supervisor of traffic, Transformer Divisions, Sharon, Pa. **L. J. Zane**, traffic representative, Atomic Power Division, Forest Hills, Pa., succeeds Mr. Gadrix. **V. G. Guinto**, formerly with Armstrong Cork, has been appointed traffic analyst, Steam Divisions, Lester, Pa., succeeding **K. H. Clark**, who succeeds Mr. Zane.

SUPPLY TRADE

John F. Burditt has been elected chairman of the board and **Henry A. Correa**, president of **ACF Industries**, New York, effective May 1 (RA, April 17, p. 7). **William T. Taylor**, present chairman, will become chairman, executive committee. **Russell C. Taylor**, president and a director, will retire from both positions for reasons of health. Messrs. Burditt and Correa have been executive vice presidents and directors since 1965.

L. Fleming, railway sales representative, **Cities Service Oil Co.** (CITGO), St. Paul, Minn., has been named transportation sales supervisor, Tulsa, Okla. Mr. Fleming will now supervise sales to the various areas of the transportation industry, including railroads.

Donald C. Huber, assistant manager, advertising and sales promotion, **Okonite Co.**, Passaic, N.J., has been promoted to manager, advertising and sales promotion, succeeding **Richard S. Hayes**, who retired March 31, after 41 years with the company.

Arthur I. Wissman has been named district manager—sales, Castings Division, **General Steel Industries**, Granite City, Ill. **Robert L. Simmons** has been appointed district manager—sales at the Division sales office, Philadelphia. Messrs. Wissman and Simmons were formerly sales representatives at Philadelphia. **Robert A. Burns** has joined the Philadelphia Office as sales representative, Mr. Burns was formerly associated with Gunderson Brothers Engineering Corp.

John F. Burditt
ACF

Henry A. Correa
ACF

Marquardt Corp. has appointed **Harvey J. Vale** of **Vale Enterprises, Ltd.**, 352 Dorval Ave., Suite 202-B, Dorval, Quebec, to represent its industrial products in Canada. Vale Enterprises Ltd., will continue to represent the Howard & Gould product line, now part of the Marquardt Industrial Products Group.

OBITUARY

Joel L. Cook, 79, who retired ten years ago as general traffic manager, **Cotton Belt**, died April 4 at his home in Glendale, Ill.

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New approach to pricing?

(Continued from page 27)

Carbide Corp. Results, notes Wellnitz, "are both good and bad, but it does provide closer working relationships and understanding of problems of both shipper and carrier."

● **Practicability.** A group such as is proposed would not be practical, says L. J. Souren, director of traffic, Kennecott Copper Corp., New York, because "there would be too many divergent views and positions. The present system is in need of revamping, but corrective measures could well do the job." J. L. Bergen, TM, Uncle Ben's, Inc., Houston, also thinks "diverse interests could create dissension and hamper positive action."

J. N. Lind, director of transportation, Armco Steel Corp., Middletown, Ohio, thinks a rail-shipper committee might have some value on a national basis, but not so far as individual rates are concerned. "It would be just another group to process, and too much time elapses at present between date of request and actual publication." "There are too many types of industry for a committee to be fully aware of needs, requirements, peculiarities and pricing structures," writes H. R. Steffen, TM, Coats & Clark, New York.

● **Legality.** Several respondents express concern about the legality of any such committee—a point already touched on by Harrison, quoted above. E. M. Maney, manager of IBM traffic, IBM Corp., Armonk, N. Y., W. E. Fincher, general manager, Houston Port Bureau, M. T. Power, GTM, General Portland Cement Co., Chicago, and E. F. Lodge, director of traffic, Atlas Chemical Industries, Wilmington, Del., all see possibility of violation of anti-trust laws or Section 5-A.

D. L. Koerber, executive secretary, Coal Traffic Bureau, Pittsburgh, shares their misgivings as to legality if the committee gets into specific rates. If it does not, he too suggests that advisory boards can be used.

● **Hurdles.** Questions too numerous to quote in detail are raised in Poll replies as to how the committee would be made up, and organized, and what it would be expected to do.

C. L. Worth, GTM, West Virginia Pulp & Paper Co., thinks that any committee would have to be on an industry basis, subdivided by territory. He doubts that "paper and petroleum" would have common interests; even paper interests differ in different areas.

R. J. Petska, transportation Bureau manager, Cedar Rapids, Iowa, CofC, says any committee "would or should include both large and small shippers." And R. E. Alexander, director of transportation and distribution, Pillsbury Co., Minneapolis, feels a committee would be unable to formulate policies agreeable to all, since "interests of shippers do not remain constant." G. R. Anderson, GTM, Dow Chemical Co., feels establishment of prices is "a management responsibility, which cannot be delegated to customers."

● **Worth a look.** For all the doubts and questions, there still appears to be a general willingness to give the matter some thought. Tabulated Poll replies clearly indicate this, and so do some of the comments.

"The idea has merit, but it needs thought, planning and a meeting of minds," says E. M. Burk, TM, Wyatt Industries, Houston. "I would like more detail," says C. D. Flowers, TM, New Holland Division, Sperry Rand Corp., New Holland, Pa. So does R. P. Clinton, GTM, Honeywell, Inc., Minneapolis. And J. J. Regan, GTM, Eastern Associated Coal Corp., Pittsburgh, calls for "further exploration."

It seems obvious that the idea has at least not fallen on totally barren ground. ■

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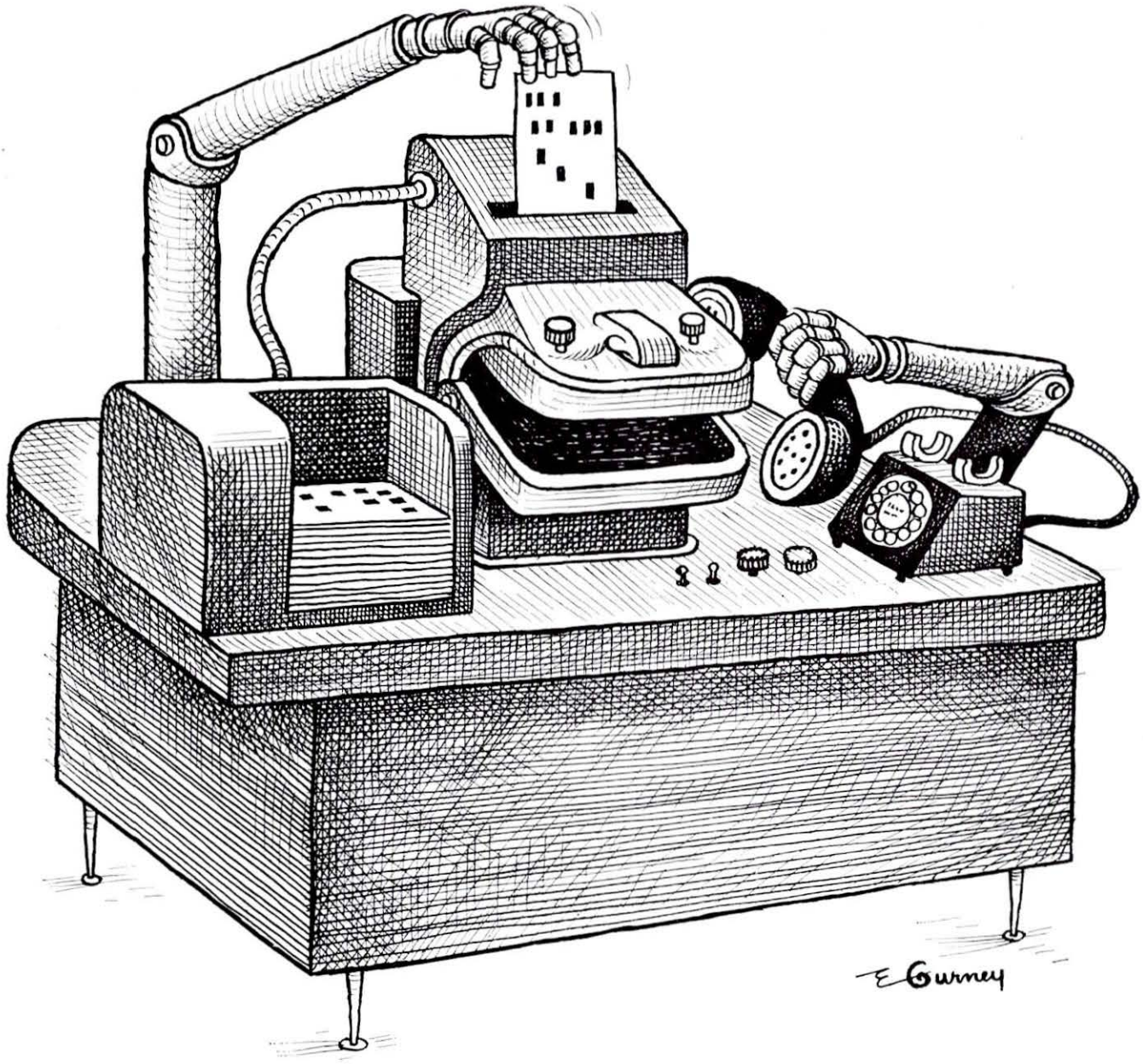

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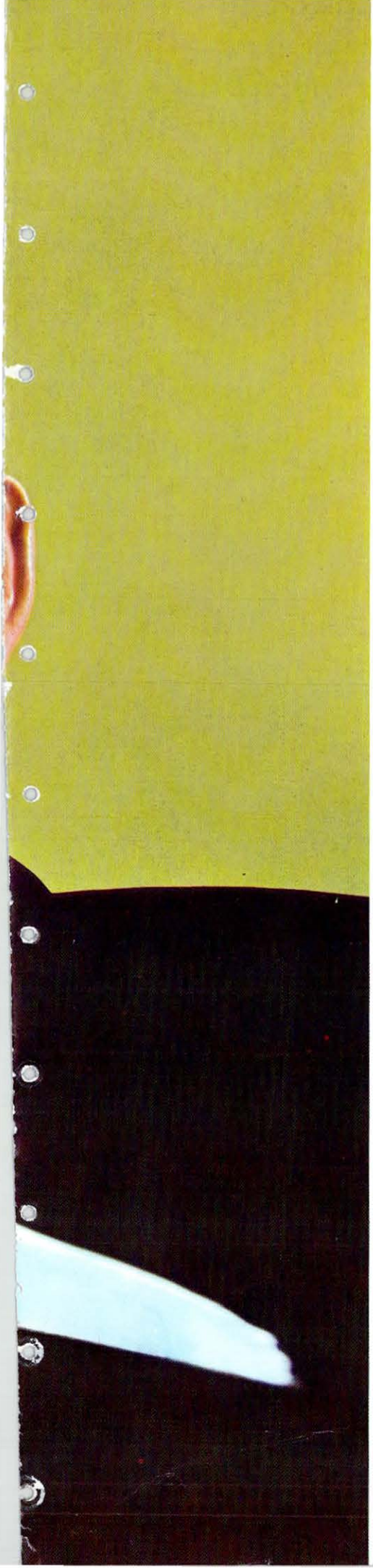

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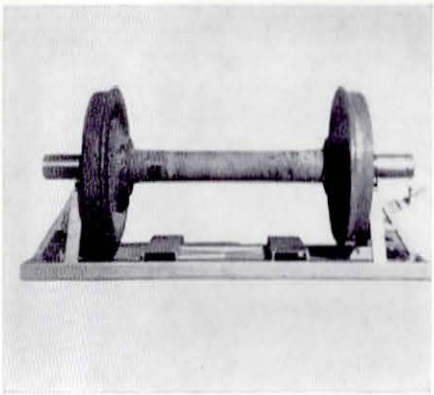
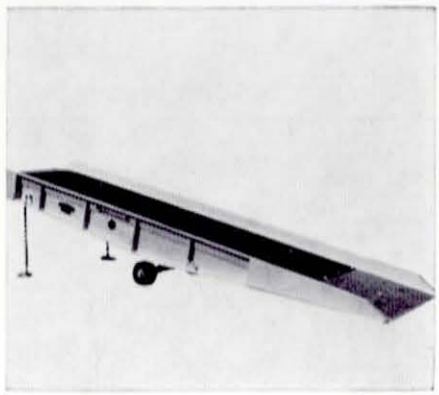
Mr. F. G. Fisher, General Manager—Operations, The Reading Company.

NEW **PRODUCTS** REPORT



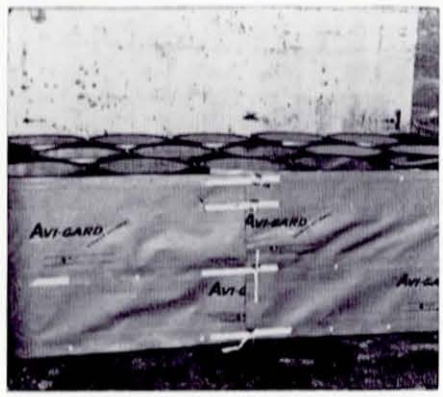
Axle Check Stand (RA-1)

The Model MCS 2002 wheel-and-axle check stand, AAR approved as an alternate method for checking axle straightness, is said to provide accuracy and to be more dependable than checking by wheel lathe. It may also be used to check concentricity of wheel tread with journal-bearing surface and vertical wheel runout. Wheel-and-axle assemblies need not be transported to shops (where lathes are located) for checking after derailments. *Mells Cargo Supply.*



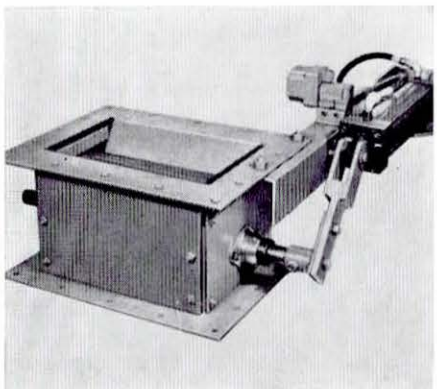
Portable Ramp (RA-2)

A hydraulic pump is said to elevate the 20-ft Bantam mobile Yard Ramp from 25 to 40 in. in seconds. The ramp goes where it is needed to solve material-handling problems caused by uneven ground levels, crowded dock space, unavailable permanent ramps, or distant loading sites. Inside a plant it is used to bridge different floor levels. Box-and-girder frame absorbs 50% overloads, and 5-in.-high safety curbs prevent accidental run-offs, Load Capacity, up to 20,000 lb. *Copperloy.*



Barrier Material (RA-3)

Avi-gard, a heavy kraft paper reinforced with rayon-cord strapping, is used to stabilize packaged and palletized loads in over-the-road and piggyback trucks. It is secured to walls of vehicle by a quick-drying adhesive applied with a brush. Once secured, the material is said to have great resistance to shear in direction of impact. It can be removed easily at destination. The paper can also be used to compartmentalize sections of a truck load. *Signode Corp.*



Rotary Gate (RA-4)

Because of its design features, a gate for controlling the flow of bulk materials, the rotary valve of which swings in a 90-deg arc from closed to open position, can be depended on for virtually leak-proof operation over a long service life, according to the manufacturer. All four sides of housing can be removed for servicing. The gate comes equipped for power (electric, air or hydraulic) or manual operation. *Butler Bin Company.*

Fuel Conditioner (RA-5)

The PM Diesel conditioner, which combines the PM Motor Conditioner and a smoke depressant, is said to greatly reduce exhaust smoke levels, to give better engine performance, and to lower maintenance costs. It is said to neutralize the effects of sulphuric and other acids which cause 90% of engine wear, and to minimize the formation of carbon deposits. Additive action reduces hazards of diesel fuel storage. *Preventive Maintenance.*

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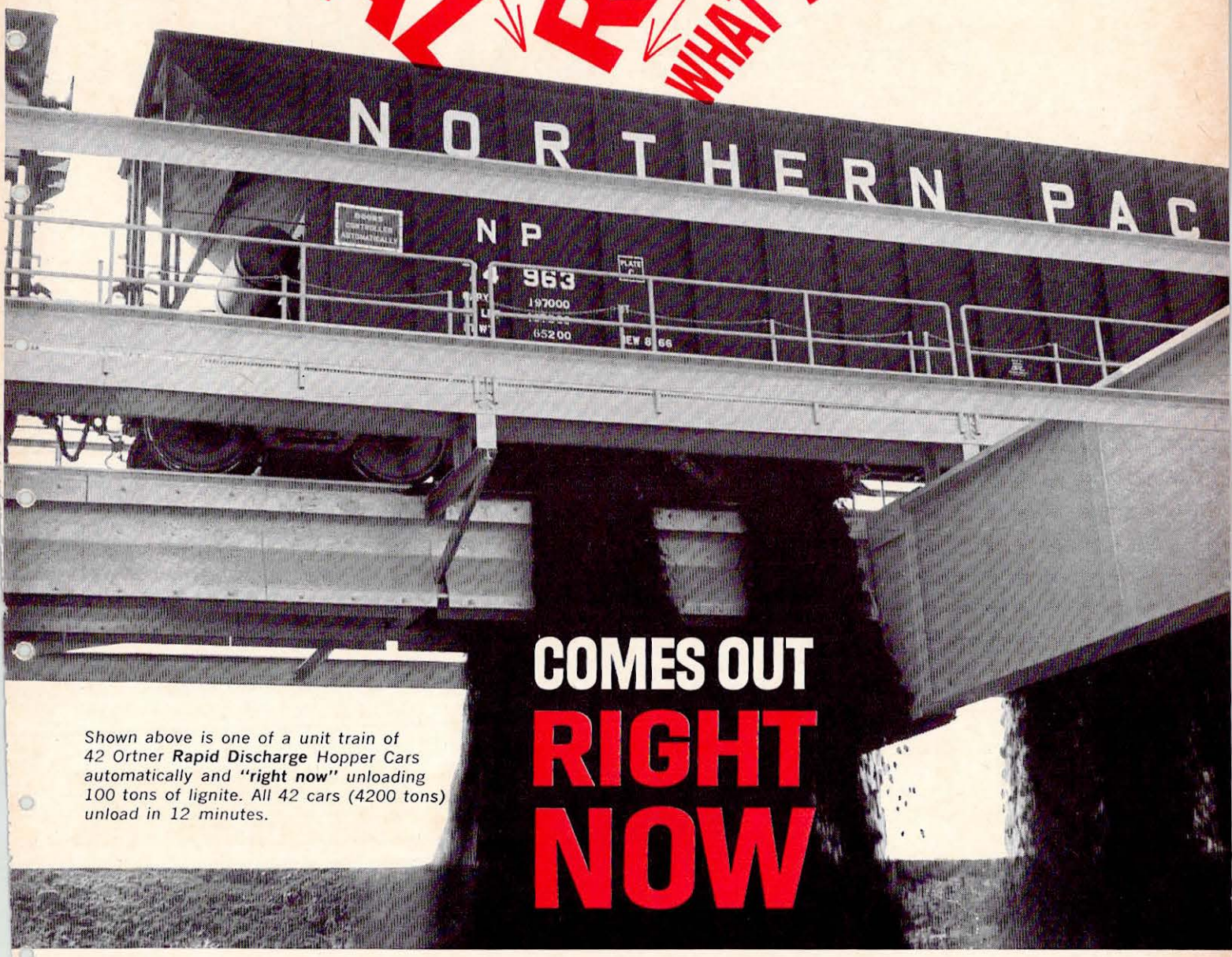

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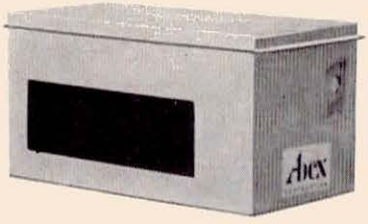

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By spectral filtering, the SERVOSAFE® system discriminates against sunlight and extraneous radiation. Recent advances in this technique have been applied to further enhance the rejection of solar radiation. Putting it another way, the SERVOSAFE® Hot Box Detective* is much more sensitive to target radiation (radiation from journal bearings) than extraneous radiation. This assures its good performance and prevents misleading readings from sky and sun.

Ask all the questions you want about our SERVOSAFE Hot Box Detective System. We're ready to answer them.

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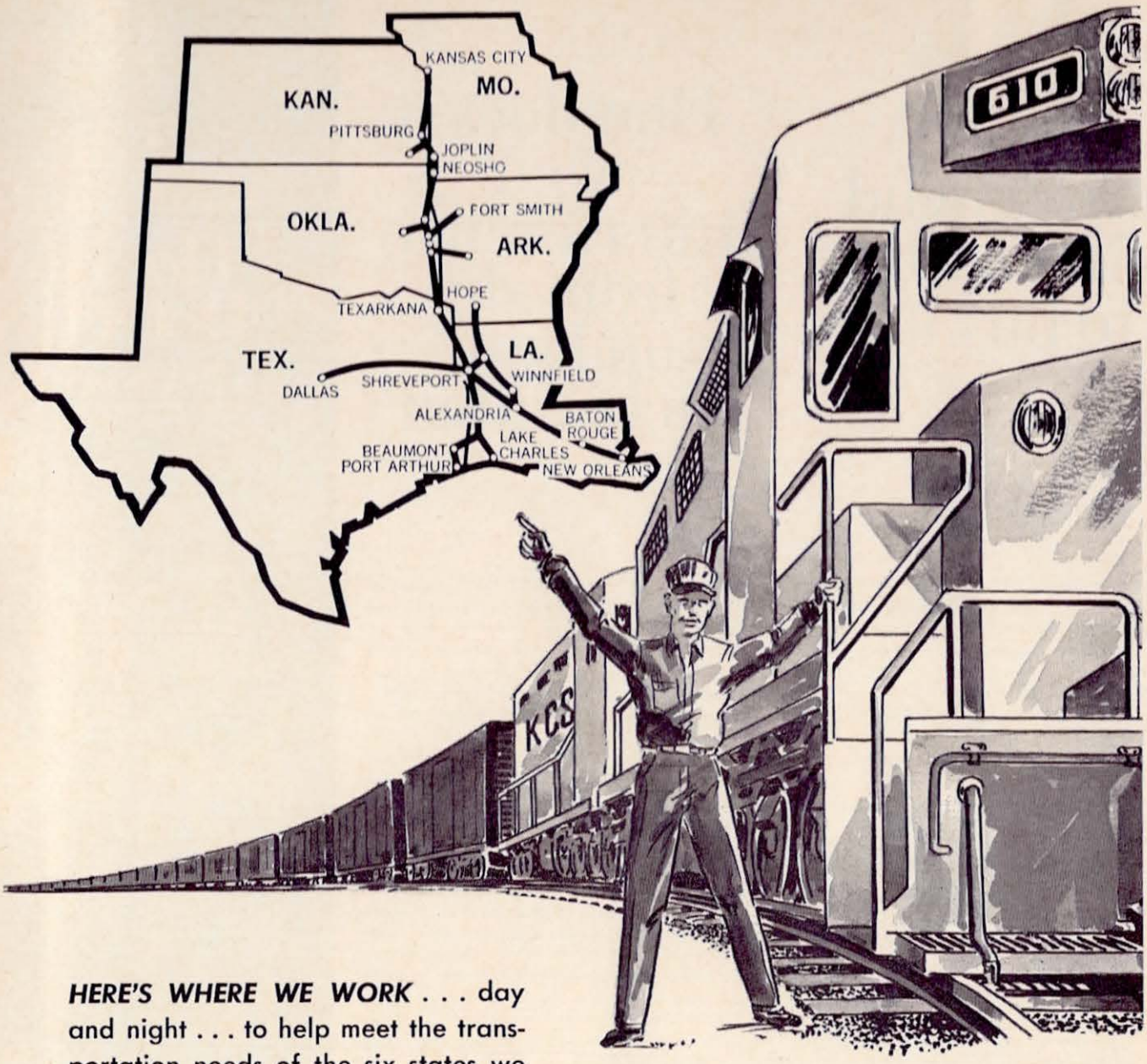

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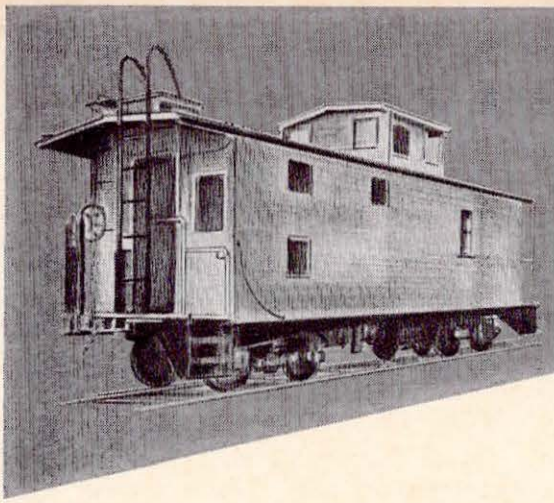

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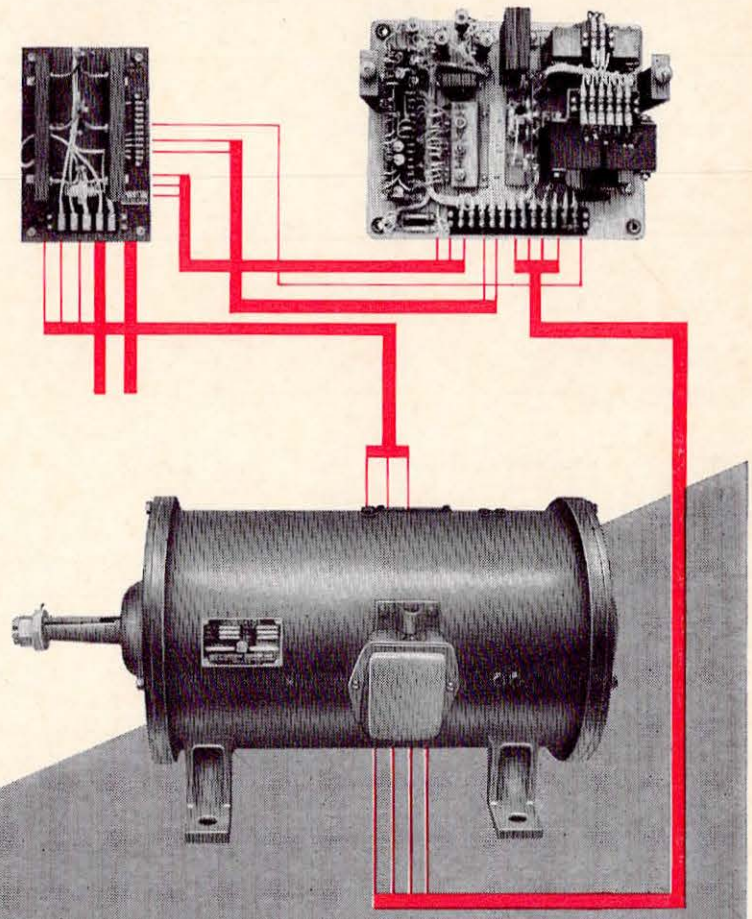

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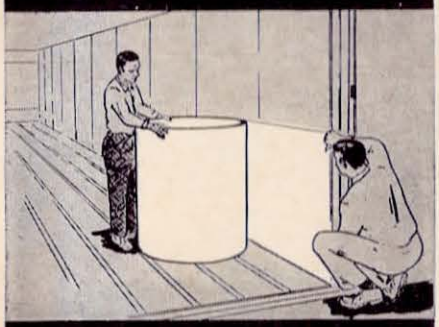

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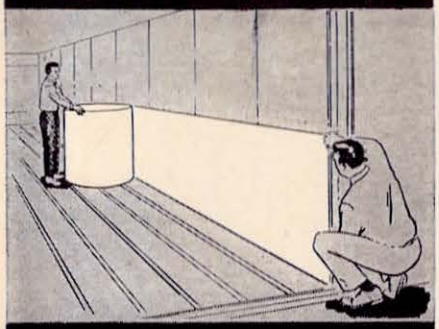

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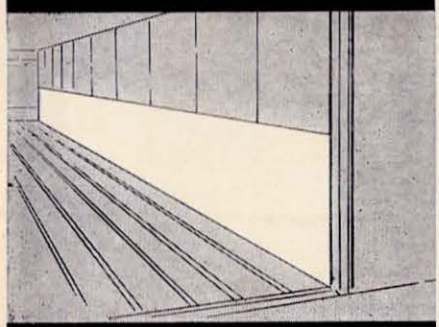

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LETTERS FROM READERS

"Transportation Weekly"

Towson, Maryland

To the Editor:

I was rather dismayed to see your new subtitle "The Transportation Weekly" appear several weeks ago. While I strongly believe in railroads as the single most important mover of the nation's goods, this sub-title reminds me of the prevalent attitude in railroad circles several years ago that we were so good nobody could, by any manner, possibly even compete with us. A more forward looking subtitle, please!

Lawrence C. Steingarten

(Our new subtitle recognizes the very point that Reader Steingarten makes—i.e., at a time when transportation modes are becoming increasingly interdependent, it's impossible to report fully on railroading without also bringing in, for example, trucking and airlines. Therefore, "The Transportation Weekly."—Editor.)

Passenger service

Philadelphia, Pa.

To the Editor:

I am a retired transportation lawyer who served on the legal staff of the ICC for nearly 25 years in enforcement work (Bureau of Inquiry). . . . I was especially interested in the articles and your editorial comment in recent issues on the decline of railroad passenger service in this country.

A number of years ago the ICC conducted an investigation which lasted upwards of two years. The proposed report was written by Howard Hosmer, one of the most efficient examiners that body ever employed. . . . He predicted the demise of intercity passenger service in the East in the late 1960's and in the West and South in early 1970's. . . .

I believe his prediction would have proved quite accurate if the ICC would permit the railroads to abandon this service to the extent they desire. . . .

The railroad unions have undertaken to keep alive the illusion that railroad passenger service would pay if it were conducted differently than it has been in the past. There is no basis for that position. Since the ICC has required the railroads to separate freight and passenger expenses and allocate expense of jointly used facilities to both services, the passenger deficits have attained tremendous heights. In the

(Continued on page 77)

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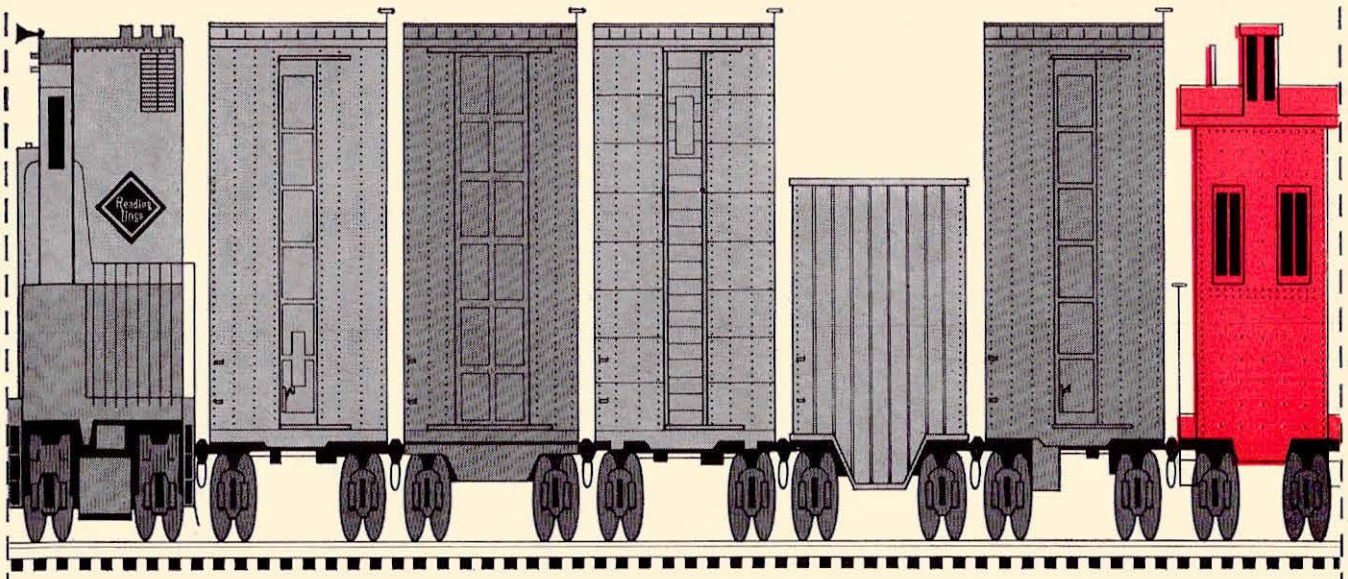

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Available only to on-line customers, Bee-Line Service can go into action with just two hours notice from a shipper. It's actually faster than truck. And its rates are competitive. Here's how it works.

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A road-switching locomotive, caboose, and a crew of 3 or 4 pick up your shipment. This hot-shot freight goes straight through divisions. Through terminal points. The cars get spotted on your customer's siding. And that's it. No layovers. No crew changes. Just one tight package.

If you have two destinations on line, fine. Just ship at least 5 and no more than 20 cars, and Reading Bee-Line Service can serve you.

Like the idea? We're ready when you are. Just call, giving two hours notice.

Reading Lines

READING RAILROAD

BEE-LINE SERVICE

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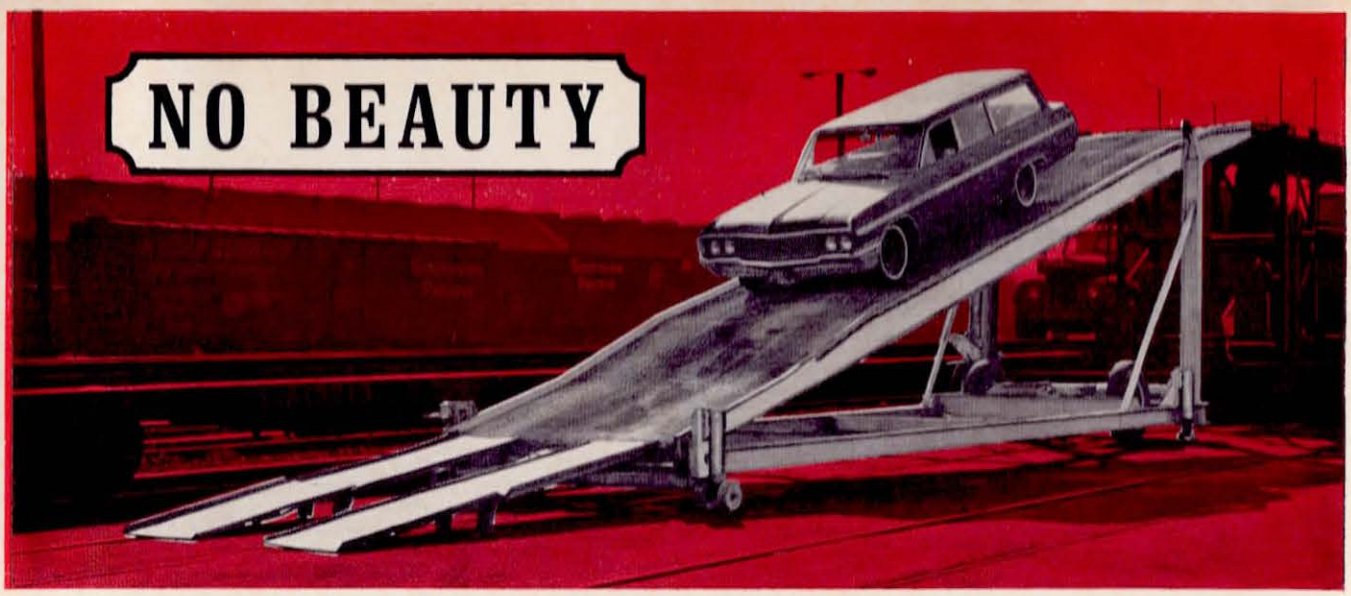

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PAGE AND PAGE
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(RA 47)

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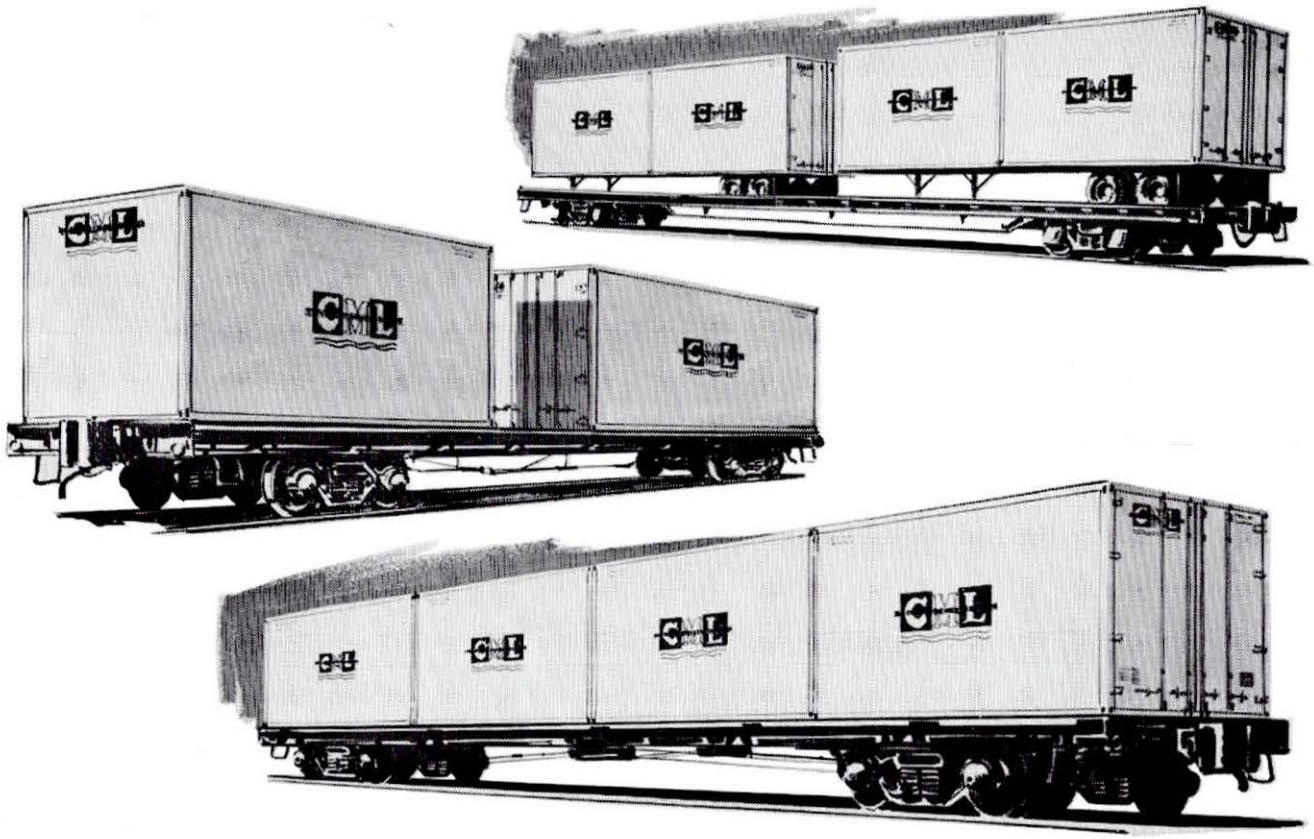

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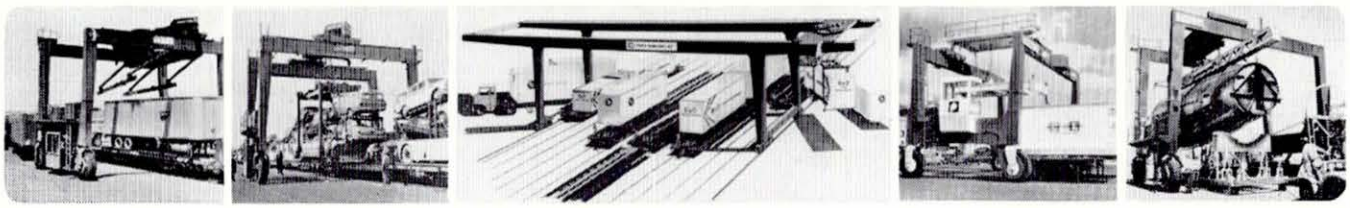

Rubber Tired and Rail Mounted PACECO Transtainers
Circle 40 on reader service card

(Continued from page 70)

1950's they averaged close to $500 million each year on the national level. About half of this deficit could be said to be out of pocket costs, I was told by ICC statisticians when I was on that staff. . . .

Glenwood W. Rouse

The other point of view

Philadelphia, Pa.

To the Editor:

Your March 27 column on page 46 is not a surprising view, and I am sure it is sincere; but I was most disappointed in your unwillingness to appreciate the other fellow's point of view. After 25 years of watching closely, and with much actual experience as a passenger and as a financially responsible person, I must agree with *The Nation* and not with you.

It is absolutely true that most businessmen will not ride a long-haul train when flying is more convenient, and most wealthy young women won't either. On the other hand, I know people who refuse to fly, and also have learned from past experience that they are no longer willing to ride the train. The bus won't do, either. They make friends or relatives drive a thousand miles unnecessarily to avoid contamination on a train. . . .

ICC fully allocated costs show comfortable, efficient 72-seat coaches less costly to move per seat-mile than Greyhound buses, and look at Greyhound's profits. Look at Canadian National's recent record as for willingness to ride IF the price and service combination is right. Look at the 1000% increase in Reading Company Fox Chase branch riders, or the 300% increase in PRR riders on the Philadelphia-Trenton line. A passenger version of Trailer Train Company might be able to pull things together.

E. L. Tennyson

The "Phoebe Snow" case

Toronto, Ont.

To the Editor:

Railway Age quoted a story published in *The Nation* making inflammatory statements about the present state of railroad passenger business. This same type of unthinking destructive criticism is doctrine in such brotherhood-dominated publications as *Labor*. . . . A liberal establishment paper such as *The Nation* seems more than happy to provide a forum. . . .

The statement about the Erie Lackawanna's murderous intent in reference to the "Phoebe Snow" clearly shows [The Nation] writer's true qualifications. Having travelled over 50,000 miles by rail in the past 10 years I think I'm a fairly good judge of passenger service on various lines. The "Phoebe Snow" was a train any railroad might envy—clean, modern equipment, excellent dining car service at reasonable rates and very courteous personnel. This standard was maintained right until the end. I know from personal experience. If the railroad had wanted to end this service prematurely they surely could have dispensed with the "non-essential" observation car and full dining service, raised the rates to those of other eastern lines and let the maintenance go . . .

There is more than enough to take exception to in the conduct of passenger business without having to resort to untruths and half truths.

Carl V. Ehrke
Canadian National

Surreptitious railroads?

Princeton, N.J.

To the Editor:

Although I agree with everything you said in reaction to *The Nation's* admittedly superficial article on U.S. railroad passengers service, you have really failed to answer the author's point.

Many railroads in this country . . . are deliberately trying to make passengers go elsewhere. This is despicable. . . . The business is there if the service is made attractive; Seaboard, Burlington and especially Canadian National have demonstrated that. Whether or not there is a solution other than government subsidy, baffles me. . . .

A railroad will work surreptitiously to drive away business, then testify before an ICC hearing that the public has deserted its trains. With such hypocrisy, you are bound to read conclusions like those offered in *The Nation*. The American public is not as stupid as some railroads think it is.

Robert G. Seddig
Princeton University

150,000 LBS. PLUS
on one SIDE BEARING
demands the TOUGHEST
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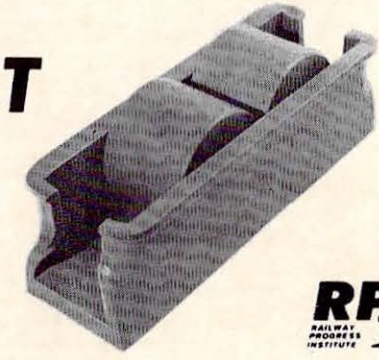

RPI RAILWAY PROGRESS INSTITUTE

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WATCHING **WASHINGTON** WITH WALTER TAFT

TAFT

RATE-FREEDOM WIN FOR SOUTHERN—The Southern has won another rate-freedom case at the ICC. The Commission has cleared tariffs, in effect more than three years, which publish that road's reduced rates on coal from origins in eastern Kentucky, Tennessee, and southwestern Virginia to Skyland, N.C. Moreover, the clearance sanctions restriction of the rates to shipments in 70-ton cars. And there is no carrier-convenience rule to permit the furnishing of two smaller cars in lieu of a 70-ton car ordered.

So, Southern will not have to participate in maintenance of rate relationships with competing origins by entering through-route and joint-rate arrangements contemplating interchange of smaller cars. Instead, the Commission's order requires Southern's connections to preserve the origin relationships by joining in through rates under the 70-ton-car restriction. The connecting lines are the Louisville & Nashville, Chesapeake & Ohio and Clinchfield.

ANOTHER TAILORED ADJUSTMENT—Like other Southern bids for profitable new business, notably its "Big-John" grain-rate adjustment, the coal-rate reduction was tailored to what it took to get the business. The business is an annual volume of some 500,000 tons of coal moving to a Skyland generating plant opened early in 1964 by the Carolina Power & Light Co. Carolina considered using natural gas until the rate-cut proposal (a reduction of 45 cents per ton) came from Southern, the only railroad serving the Skyland plant. Carolina thereupon agreed to use coal.

The adjustment includes single-car rates and concentration rates applicable on shipments of 1,000 tons or more in one day—both limited to use of 70-ton cars. Failing to get clearance from Southern Freight Association's Coal and Coke Committee, Southern took independent action to publish the rates. Its offer to participate in like rates from other origins was rejected by the connecting lines, and Southern refused to join in rates involving cars of less than 70 tons capacity.

TOP ECONOMY ALLOWED—Southern's rates were in issue in No. 34396, an investigation instituted by the Commission on its own motion. The joint-rate impasse was the issue in No. 34418, a complaint of coal interests concerned about the origin rate relationships. The decision, by Division 2, covered both cases. It was embodied in an unanimous report by the Commission's vice-chairman, Paul J. Tierney, who is assigned to that division. The Division went along with Southern's insistence on its right to the greater economy of 70-ton cars—even though the report found that, "revenue and cost wise," the rates would be "well within the zone of reasonableness" for application in 50-ft cars.

Meanwhile, the Division also agreed with parties to the complaint case in their contention that origin relationship should be maintained; but it found that this would be accomplished by joint rates for shipments in cars of less than 70-ton capacity "only at the expense of revenue losses to the carriers." Thus the prescription of joint rates with the 70-ton-car requirement.

KEEPING SHIPPERS COMPETITIVE—The "primary consideration is how to achieve a balance in rail transportation costs between competing shippers under similar transportation conditions without unduly sacrificing the revenues of the carriers," the report also said. It followed through to explain how Division 2 did this by relying on evidence which "clearly established substantial savings from the use of the larger cars," and turned up nothing "to establish any extra costs in providing such cars." Then came something like a peroration which declaimed that savings thus achieved "through innovations in equipment, service and technological efficiencies should be promoted and fostered under the national transportation policy, and passed on to all shippers in competing origins."

What market research does

(Continued from page 35)

the traffic should originate on one's own railroad, or at least be destined for delivery on one's own line. If a bridge carrier is involved, the originating and delivering carriers will set policies and rates with little regard for the intermediate road.

This railroad executive also mentioned that it is desirable to have direct contact with customers so they be made aware of efforts on their behalf.

The overwhelming evidence is that the first commodities to be researched are those which the carrier has been losing, and are vital to that carrier's interests. That means the commodity must be important in terms of net revenue to that particular railroad. When traffic is eroded from these core commodities the railroad is likely to react. From there the next step seems to be movement in the direction of commodities of lesser importance, and some aggressive marketing research instead of strictly defensive pricing maneuvers. The movement into analysis of customer physical distribution problems is secondary to the analysis of commodity rates for railroads undertaking formalized marketing research.

● **Techniques.** Railroad marketing research officers draw a complete blank in attempting to determine techniques especially applicable to the railroad industry. Only three railroads responded to any observation of particularly applicable techniques. All three mentioned the field survey and interview technique as being especially applicable, since railroads have had little knowledge of the scope of their market.

In conjunction with field surveys, they mentioned that more refinement in use of sampling techniques was in order for the railroad industry. Their prime need evidently was for personnel who could apply these techniques. Two of these three railroad representatives also mentioned that more time neded to to be spent in observance of situations and in consulting secondary sources. These two men both believed that much action had been undertaken without the proper homework being conducted in advance.

One other technique mentioned by one railroad officer was the need for a program of controls to identify changes that occurred as a result of marketing research. Another listed the need for a follow-up after research had been undertaken. Finally, this latter manager mentioned the need for a

great deal more media research to be conducted in advertising to determine what specific appeals would help the railroad industry.

● **Industrial analysis.** There were almost as many different conflicting views about the easiest type of industry to analyze as there were railroads interviewed in this study. The characteristics identified are as follows:

Two railroad marketing research managers thought the companies most easily analyzed, and lending themselves best to marketing research, are those which recognize the importance of transportation and have fairly well organized traffic departments. They believed that firms with well organized traffic departments are more receptive to new cost-saving ideas.

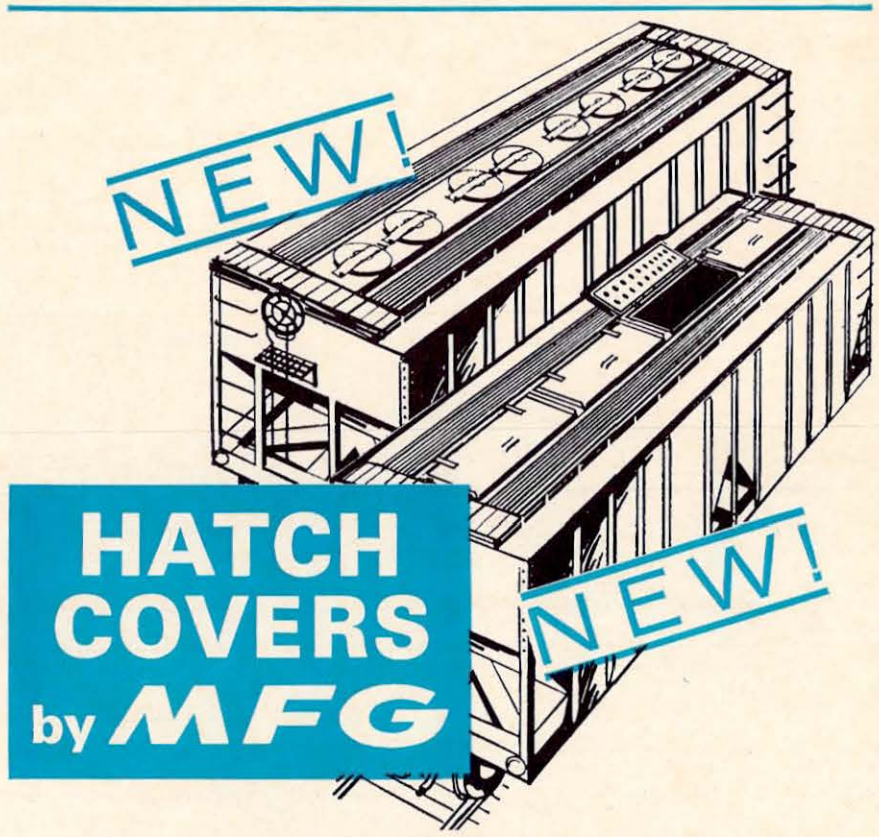
Another railroad officer in the western transcontinental group felt small firms without any organized traffic department would be the easiest to analyze and could be helped the most. This marketing research executive stated that the larger companies have marketing and traffic research of their own. Therefore, the railroad services provided would be most welcomed and could be used most by smaller companies. This marketing research executive mentioned that it takes small shippers as well as large ones to make a profit for a railroad.

Evidence contrary to the last statement is found in the thoughts and statements of two other traffic executives. One of these mentioned that small industrial firms would be difficult to analyze because they did not make as much use of carload traffic. He indicated that carload traffic was easier to analyze than LCL shipments. Another man agreed, and also mentioned that his company was more interested in the bigger shippers that produce more profit.

Four railroad managers believed that multi-commodity firms were the most difficult to analyze, and therefore should be avoided; distribution problems were more complex than in single-commodity firms, and railroads could more easily coordinate services with the needs of the single-product company.

Two railroad executives stated that centralized companies were easier to deal with than decentralized companies, since decisions for distribution could be made at a high level, and the railroad could deal effectively with one official. Another railroad officer felt that it was better to deal with a company that had uniformity in terms of sale and therefore had some control over its firm's distribution patterns, rather than with a firm whose industry practices were not well-defined. Finally, one railroad manager mentioned that bulk shippers, who were also large, were the easiest analyzed, since specialized equipment could be designed to handle their needs very effectively.

The characteristics found to be most applicable for ease of railroad marketing research were that industrial firms be relatively large, have simple product lines, be relatively centralized and deal in bulk commodities. Contrary evidence that the small firm is easiest to analyze also exists, but the return per company in terms of profit would certainly be much smaller than in the case of the large firm. Since the railroad has its strongest advantage in long-haul, volume movements, strong evidence supports the analysis of larger firms first. However, when dealing with large firms the marketing research personnel must act with a degree of sophistication, whereas in the case of many small firms the fact that railroad officers showed them attention might flatter the small businessmen, and allow the railroad to capture their traffic with little effort. ■



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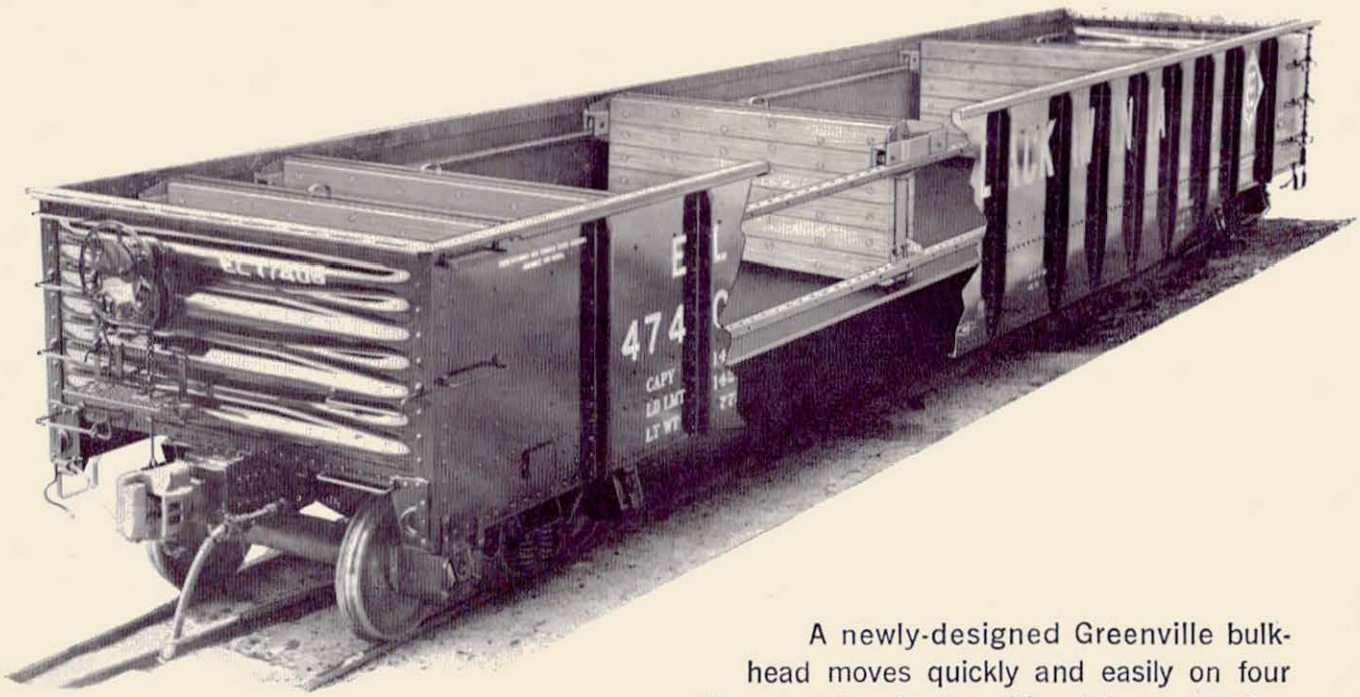
New bulkheads minimize binding and swinging



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MARKET OUTLOOK

Carloadings

Loadings of revenue freight in the week ended April 15 totaled 553,558 cars, the Association of American Railroads announced on April 20. This was an increase of 9,797 cars, or 1.8%, compared with the previous week; an increase of 10,509 cars, or 1.9%, compared with the corresponding week last year; and an increase of 5,816 cars, or 1.1%, compared with the equivalent 1965 week. Ton-miles generated by carloadings in the week ended April 15 are estimated at 14.1 billion, an increase of 2.6% above the corresponding week of 1966, and 8.6% above the 1965 week.

REVENUE FREIGHT CARLOADINGS
For the week ended Saturday, April 15

District	1967	1966	1965
Eastern, including Allegheny and Pocahontas	219,620	195,249	224,494
Southern	122,050	115,269	117,426
Total Eastern and Southern Districts	341,670	310,518	341,920
Northwestern	65,318	77,795	63,221
Central Western	107,177	113,973	104,244
Southwestern	39,393	40,763	38,357
Total Western Districts	211,888	232,531	205,822
Total All Roads	553,558	543,049	547,742
Commodities:			
Grain and Grain products	43,648	52,015	45,779
Livestock	1,408	1,675	1,757
Coal	115,033	70,334	103,743
Coke	6,892	8,898	9,213
Forest Products	39,420	40,309	38,378
Ore	26,677	36,033	26,861
Merchandise l.c.l.	5,233	6,954	9,695
Miscellaneous	315,247	326,831	312,316
Apr. 15	553,558	543,049	547,742
Apr. 8	543,761	568,683	557,067
Apr. 1	537,919	544,787	542,094
Mar. 25	529,602	571,095	534,565
Mar. 18	536,962	572,671	543,576
Cumulative total, 15 weeks	7,860,287	8,101,121	7,967,486
Estimated revenue ton-miles (billions) 15 weeks	203.8	206	188.8

PIGGYBACK CARLOADINGS.—U.S. piggyback loadings for the week ended Apr. 8 totaled 24,003 cars, carrying 39,457 trailers, compared with 21,619 cars, carrying 35,780 trailers, in the corresponding 1966 week. Loadings for 1967 up to Apr. 8 totaled 314,565 cars, carrying 516,152 trailers compared with 291,645 cars, carrying 482,320 trailers, in the corresponding period of 1966.

IN CANADA—Carloadings for the ten-day period ended March 31 totaled 101,479 cars, compared with 69,161 for the previous seven-day period, according to the Dominion Bureau of Statistics.

	Revenue Cars Loaded	Total Cars Rec'd from Connections
Totals for Canada		
March 31, 1967	101,479	35,689
March 31, 1966	120,804	39,954
Cumulative Totals		
March 31, 1967	894,428	319,490
March 31, 1966	948,147	332,631

PIGGYBACK

► *Pennsylvania.*—Purchased 225 large-volume 40-ft highway trailers at a cost of $1.5 million for its TrucTrain piggyback service. The new units, with a capacity of 2,630 cubic feet, give TrucTrain a fleet of 531 trailers.

NEW FACILITIES

► *Baltimore & Ohio.*—Ordered Wheel Thermo-Scanner equipment for nine locations on the St. Louis Division between Cincinnati and St. Louis from General Railway Signal Co. Readout location will be at Washington, Ind. The electronic-optical devices automatically detect hotboxes.

► *New York Central.*—Plans to relocate its Albany passenger station and operations to a new Capital District Station in Colonie, N.Y. NYC also plans to consolidate its Schenectady station and operations at the new location. New York State has contracted with the Central to acquire the Albany station and adjacent land as part of an interstate highway project. The proposed Capital District Station would be located about 8.7 miles west of existing Albany station, and approximately 8 miles east of the Schenectady station. It would be convenient to major highways, including the New York State Thruway, and free parking for 300 cars would be provided. The station will have a waiting room, lunch counter, newsstand and ticket office.

► *New Orleans Railroad Terminal.*—Has agreed to cooperate in the development of Union Passenger Terminal as a joint rail-air-bus terminal. The first phase of the plan would involve providing facilities for interstate bus lines and buses and limousines operating between the city and New Orleans International Airport. The second phase would be directed towards establishment of a rapid transit system between the terminal and the airport. Federal funds will be sought to finance a portion of the project.

► *Pennsylvania.*—Ordered overlay track circuit equipment from General Railway Signal Co. for grade crossing installations between Harrisburg, Pa., and Columbus, Ohio.

SPECIAL

► *Louisville & Nashville.*—Is currently conducting tests of laminated wood ties in cooperation with Southern Wood Preserving Co. of Atlanta, Ga. The railroad has laid 708 of the new-type ties—made from various combinations of hickory, oak, mixed hardwoods and pine—in a section of main line at Antioch, Tenn., 10 miles east of Nashville. It is the first installation of the product on any railroad. Installation is on 30-inch centers in tangent track and 24-inch centers in curved track. Compared with standard 22-inch centers for laying of regular-sized ties, approximately two laminated ties are being used to replace three regular ties.

FOREIGN

► *Korea.*—Orton Crane Co. will build five locomotive wrecking cranes for the Korean National Railways under an AID contract award, at a total cost (including spare parts) of $1,368,000.

YOU OUGHT TO KNOW

Seaboard, Coast Line set date: July 1 has been selected as the day of merger for the Seaboard Air Line and the Atlantic Coast Line (RA, April 17, p.8). Officers of the new company, the Seaboard Coast Line Railroad, said any petitions which may be filed seeking reconsideration of the Supreme Court's favorable ruling on the merger are expected to be disposed of in time for the consolidation.

High earnings for Pullman: Pullman, Inc. shareholders got good news last week with the announcement that first quarter consolidated net income hit a high of $5,445,757, paying $1.19 per share. The company's earnings for the first three months last year were $5,146,852, or $1.13 per share. Sales and other revenue for Pullman and its subsidiaries totaled $194,429,894 for this year's first quarter, up from $169,178,727 in the first quarter of 1966.

Canada's railways move fast: Canadian railways are losing no time in taking advantage of the new freedoms given them under Bill C-231 (see page 86). Section V of that act was officially proclaimed effective only on March 23, but already the CN has filed six applications, and the Northern Alberta one, for discontinuance of unprofitable passenger services. The Cumberland Railway, in Nova Scotia, has asked authority to abandon part of its line. If any of the applications are denied, C-231 makes the trains (or line) which must be continued eligible for government subsidy. In the rate field, the Canadian Freight Association has filed a supplement to the Canadian Freight Classification on legal 30-day notice, but without prior submission to shippers—an act made possible by C-231. That bill is now officially designated as the National Transportation Act.

Soo boasts efficiency: With labor and material costs climbing steadily increased efficiency is a key to survival—and, says President L. H. Murray, Soo Line is making important gains in its efficiency indicators. Murray told the annual shareholders meeting that "in 1966 our company was close to 6% more efficient than in 1965 and about 37% more efficient than in 1961, based on the measure of revenue freight ton-miles per man-hour paid for. . . . Our people trimmed another percentage point from the transportation ratio in 1966 and 2¼ points from the operating ratio."

Steel designs win awards: An elevated yard tower office and an automated tamper have been cited for "Design in Steel Awards" by the American Iron and Steel Institute. Santa Fe and John G. Fry, chief engineer, and his staff won a citation for excellence for the design of the yard tower. A.R. Williams & Associates, Inc., of Lynnfield, Mass., was awarded a citation for excellence for designing the automated tamper produced by Tamper, Inc., of West Columbia, S.C.

No more squealing: Burlington has decided that maybe there's something better than the steel retarder against the steel wheel—and, thus, peace has returned to Cicero, Ill. Peace, that is, and relative quiet. It all started when the "Q" built its new retarder yard in the Chicago suburb a few years ago. Classification operations were far more efficient—and also noisy, for the residents of the town whose homes surround the yard. Retarder shriek brought complaints— and research, to try to elminate the 3,000-cycle squeal of more than 200 decibels which retarder action produced. Now, the noise of car classification is a dull rumble, thanks to substitution of ductile iron and a special form of graphite for steel in the wheel-grip components of the yard's retarders. Ciceronians can sleep once again—and maybe the ironic part of it is that the two Burlington people who developed the noise-reduction system (now patented) don't even live in Cicero.

Truck tonnage: Intercity truck tonnage in the week ended April 8 was 2.4% below the previous week and 1.7% below the volume in the corresponding week of 1966, according to American Trucking Associations.

Current statistics

Net Income	
12 mos., 1966	$902,000,000
12 mos., 1965	815,000,000
Carloadings, revenue freight	
15 wks., 1967	7,860,287
15 wks., 1966	8,101,121
Freight cars on order	
Feb. 1, 1967	51,450
Feb. 1, 1966	45,754
Freight cars delivered	
1 mo., 1967	7,217
1 mo., 1966	7,724
Serviceable cars	
Feb. 1, 1967	1,421,406
Feb. 1, 1966	1,400,413

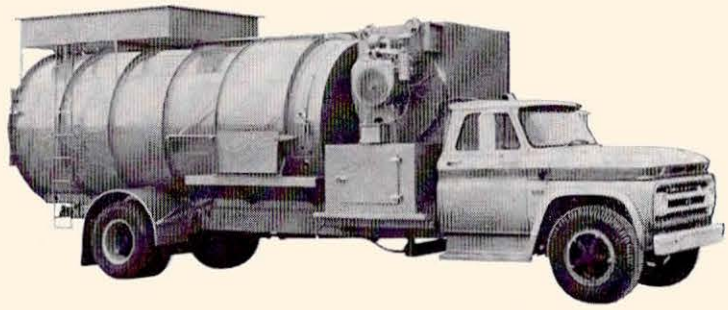
Lang takes over as rail chief

A. Scheffer Lang is now on the job as Administrator of the Federal Railroad Administration in the new Department of Transportation. Following the recommendation of its Committee on Commerce, the Senate last week confirmed President Johnson's appointment of Lang to that position.

● **Much praise, no opposition.** The Commerce Committee's clearance of the appointment came after a public hearing at which there was much praise of Lang and no opposition. The most enthusiastic praise came from a member of the Committee—Sen. Thurston B. Morton of Kentucky, who said he has known Lang "since he was about 15 years old." Lang is now 38. Morton said Lang's record, about which the appointee "has been modest," is "of the highest." The Senator from Kentucky, a Republican, went on to commend President Johnson for "coming up with a young man of such talent."

"After that accolade, I'll vote for him, too," said Sen. John O. Pastore (D.-R.I.), another member of the Committee. The Committee's chairman, Sen. Warren G. Magnuson (D.-Wash.), expressed like feelings as he recalled pleasant memories of St. Paul, Lang's home town. And Sen. E. L. Bartlett, another member of the Committee, was happy when he learned that Lang had spent a Summer working on the Alaska Railroad. Lang has also worked for the Rio Grande and New York Central, and he is a former member of the faculty of the Massachusetts Institute of Technology. He came to DOT with the Department of Commerce's former Office of the Undersecretary for Transportation. There, he was deputy undersecretary, serving with the present head of DOT, Secretary of Transportation Alan S. Boyd, who was Commerce's last undersecretary for transportation.

● **Role of Railroad Administration.** Questioning of Lang at the Senate Committee's hearing brought out his outline of his duties as Federal Railroad Administrator. Generally, they will involve acting as spokesman for the railroads in councils of DOT; administration of railroad safety functions transferred from the ICC; supervision of the high-speed, ground-transportation research program with its first demonstrations in the Northeast Corridor on lines of the Pennsylvania and New Haven; and overseeing operations of the Alaska Railroad. ■



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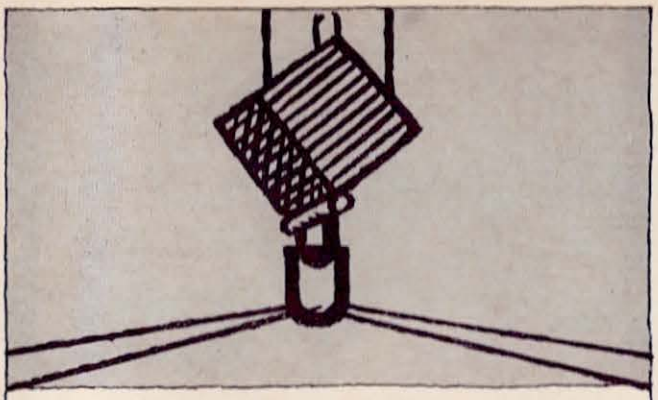

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That comment, somewhat liberally interpreted, can be taken to mean that Canadian railroads are ready, willing and able to fight for freight. Their government has just given them the opportunity to do just that, in a way which might well be copied in whole or in part in the United States, where railways as a whole are equally ready, willing and able.

C-231—Door to opportunity

The Canadian opportunity arises from recent passage by Parliament of Bill C-231 (National Transportation Act), which changes and modernizes the whole broad pattern of transport regulation.

C-231—of which Section V, relating to railroads, has already gone into effect—was reviewed in the March 27 issue of Railway Age, p. 66. But it contains four major points which merit special emphasis and bear careful watching from the United States as to their results.

1) Most important, perhaps, the new bill puts railways squarely on their own feet in meeting competition, by giving them virtually unlimited freedom in making freight rates. Some modest restrictions are, to be sure, retained. Rates must be compensatory, i.e., they must exceed the variable costs of moving any given traffic. Shippers are protected by certain provisions as to maximum rates. But the spread between minimum and maximum is amply large to leave room for exercise of sound business (rather than bureaucratic) judgment as to just what specific rate will yield maximum revenue. It is wide enough to allow a high degree of freedom in meeting actions of competitors and in bargaining with shippers. (Incidentally, rate reductions may be put into effect immediately, even before filing—a far cry from time-consuming and often nit-picking, traffic-losing suspensions that so often plague U.S. rate-makers.)

2) The bill establishes as national policy that each mode of transport "shall pay for resources, facilities and services provided at public expense," but that it shall in turn be reimbursed for "resources, facilities and services imposed upon it as a public duty." In the U.S., by sad contrast, though lip service is paid to the principle of user payments, haggling over "when and how much" to charge for use of tax-eating inland waterways continues ad nauseam. And the idea of public support for essential but money-losing rail service (e.g., commuter operations) is in effect only in some local areas, and all too often even there on only an intermittent year-to-year basis that precludes effective long-range planning. Nationally, or as applied to deficit lines or trains, the policy of payment to transport companies for social services is simply non-existent.

3) C-231 puts all modes of transport (except oil and gas pipe lines) under regulation by a single 17-member Transport Commission. That should prove quite a contrast to the bureaucratic promotional activities, and the "left hand knoweth not what the right doeth" lack of system that too often appear to be integral parts of U.S. transport regulation.

4) Though it may make little difference now that C-231 has been enacted, it should be noted that this legislation is the product of an exhaustive four-year investigation of Canadian transport problems by a highly-qualified, impartial, hard-working Royal Commission. Parliamentary hearings and testimony by interested parties produced some changes in the Commission's recommendations—but its report was the sound foundation for the new bill. Which leads one to wonder whatever happened to the long list of equally intelligent studies of U.S. transport problems made over nearly four decades—most of them now moldering and forgotten by an advice-resistant government.

Worth copying

Admittedly, the grass always looks greener in the other fellow's yard. The view from south of the border may appear better than it looks to Canadians themselves. But at least Canada has taken a giant and carefully-considered step in method, content and philosophy of modern transport regulation. We wish it well, and commend its results to careful watching and quite possibly some judicious copying, to the end that U.S. railroads too may be given the chance to fight.

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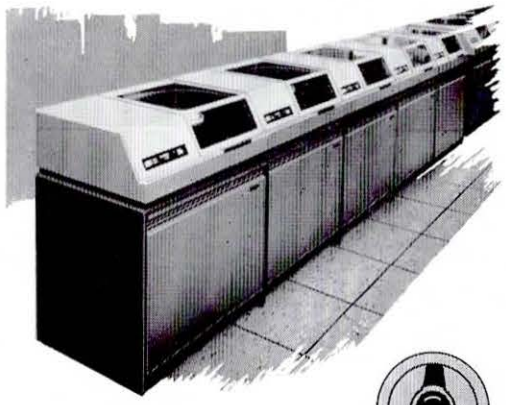

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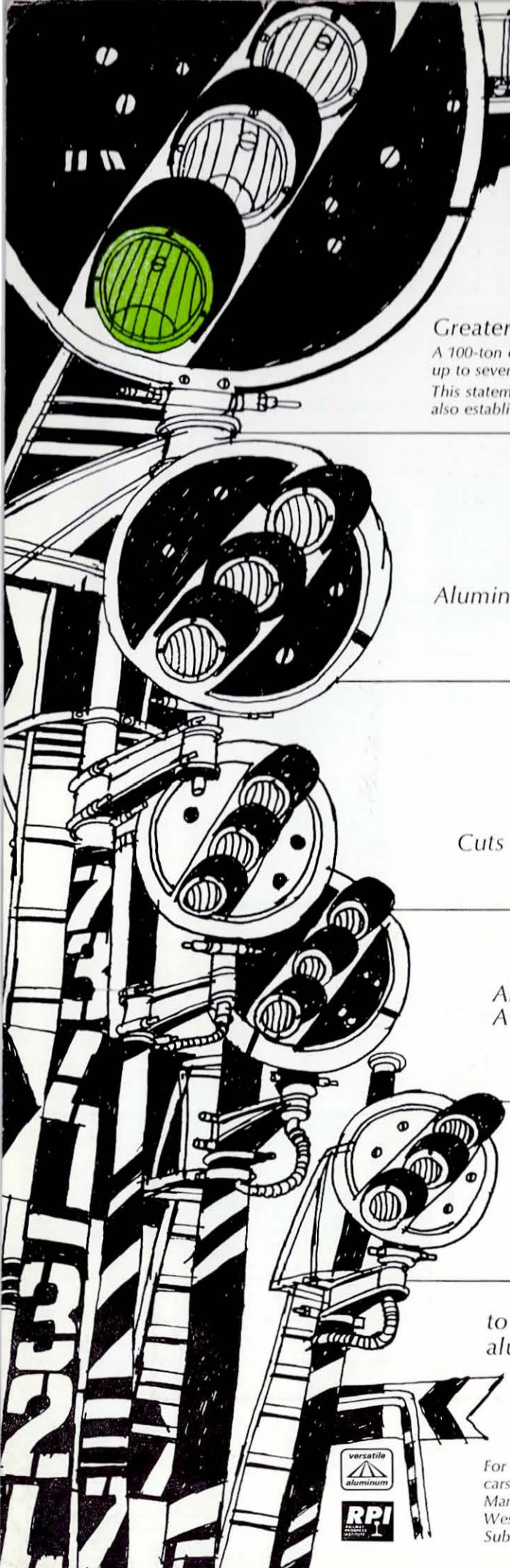

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